99TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
99-433

INCREASING THE ~~STATUTORY~~ STATUTORY LIMIT ON THE PUBLIC DEBT

DECEMBER 10, 1985.—Ordered to be printed

Mr. ROSTENKOWSKI, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.J. Res. 372]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the amendments of the House of Representatives to the amendments of the Senate numbered 1 and 2 to the joint resolution (H.J. Res. 372) increasing the statutory limit on the public debt, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment to part (2) of the amendment of the House to the amendment of the Senate numbered 1.

Amendment numbered 2:

That the House recede from its disagreement to the amendment of the Senate to the amendment of the House to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows:

In lieu of inserting the matter proposed to be inserted by the Senate amendment, insert the following at the end of the joint resolution:

TITLE II—DEFICIT REDUCTION PROCEDURES

SEC. 200. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the "Balanced Budget and Emergency Deficit Control Act of 1985".

(b) TABLE OF CONTENTS.—

Sec. 200. Short title and table of contents.

H783-17

PART A—CONGRESSIONAL BUDGET PROCESS

Subpart I—Congressional Budget

Sec. 201. Congressional budget.

Subpart II—Amendments to Title IV of the Congressional Budget Act of 1974

Sec. 211. New spending authority.
Sec. 212. Credit authority.
Sec. 213. Description by Congressional Budget Office.
Sec. 214. General Accounting Office study; off-budget agencies; member user group.

Subpart III—Additional Provisions to Improve Budget Procedures

Sec. 221. Congressional Budget Office.
Sec. 222. Current services budget for congressional budget purposes.
Sec. 223. Study of off-budget agencies.
Sec. 224. Changes in functional categories.
Sec. 225. Jurisdiction of Committee on Government Operations.
Sec. 226. Continuing study of congressional budget process.
Sec. 227. Early election of committees of the House.
Sec. 228. Rescissions and transfers in appropriation bills.

Subpart IV—Technical and Conforming Amendments

Sec. 231. Table of contents.
Sec. 232. Additional technical and conforming amendments.

PART B—BUDGET SUBMITTED BY THE PRESIDENT

Sec. 241. Submission of President's budget; maximum deficit amount may not be exceeded.
Sec. 242. Supplemental budget estimates and changes.

PART C—EMERGENCY POWERS TO ELIMINATE DEFICITS IN EXCESS OF MAXIMUM DEFICIT AMOUNT

Sec. 251. Reporting of excess deficits.
Sec. 252. Presidential order.
Sec. 253. Compliance report by Comptroller General.
Sec. 254. Congressional action.
Sec. 255. Exempt programs and activities.
Sec. 256. Exceptions, limitations, and special rules.
Sec. 257. Definitions.

PART D—BUDGETARY TREATMENT OF SOCIAL SECURITY TRUST FUNDS

Sec. 261. Treatment of trust funds.

PART E—MISCELLANEOUS AND RELATED PROVISIONS

Sec. 271. Waivers and suspensions; rulemaking powers.
Sec. 272. Restoration of trust fund investments.
Sec. 273. Revenue estimates.
Sec. 274. Judicial review.
Sec. 275. Effective dates.

PART A—CONGRESSIONAL BUDGET PROCESS

Subpart I—Congressional Budget

SEC. 201. CONGRESSIONAL BUDGET.

(a) DEFINITIONS.—

(1) Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end thereof the following new paragraphs:

"(6) The term 'deficit' means, with respect to any fiscal year, the amount by which total budget outlays for such fiscal year

exceed total revenues for such fiscal year. In calculating the deficit for purposes of comparison with the maximum deficit amount under the Balanced Budget and Emergency Deficit Control Act of 1985 and in calculating the excess deficit for purposes of sections 251 and 252 of such Act (notwithstanding section 710(a) of the Social Security Act), for any fiscal year, the receipts of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund for such fiscal year and the taxes payable under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954 during such fiscal year shall be included in total revenues for such fiscal year, and the disbursements of each such Trust Fund for such fiscal year shall be included in total budget outlays for such fiscal year. Notwithstanding any other provision of law except to the extent provided by section 710(a) of the Social Security Act, the receipts, revenues, disbursements, budget authority, and outlays of each off-budget Federal entity for a fiscal year shall be included in total budget authority, total budget outlays, and total revenues and the amounts of budget authority and outlays set forth for each major functional category, for such fiscal year. Amounts paid by the Federal Financing Bank for the purchase of loans made or guaranteed by a department, agency, or instrumentality of the Government of the United States shall be treated as outlays of such department, agency, or instrumentality.

"(7) The term 'maximum deficit amount' means—

"(A) with respect to the fiscal year beginning October 1, 1985, $171,900,000,000;

"(B) with respect to the fiscal year beginning October 1, 1986, $144,000,000,000;

"(C) with respect to the fiscal year beginning October 1, 1987, $108,000,000,000;

"(D) with respect to the fiscal year beginning October 1, 1988, $72,000,000,000;

"(E) with respect to the fiscal year beginning October 1, 1989, $36,000,000,000; and

"(F) with respect to the fiscal year beginning October 1, 1990, zero.

"(8) The term 'off-budget Federal entity' means any entity (other than a privately owned Government-sponsored entity)—

"(A) which is established by Federal law, and

"(B) the receipts and disbursements of which are required by law to be excluded from the totals of—

"(i) the budget of the United States Government submitted by the President pursuant to section 1105 of title 31, United States Code, or

"(ii) the budget adopted by the Congress pursuant to title III of this Act.

"(9) The term 'entitlement authority' means spending authority described by section 401(c)(2)(C).

"(10) The term 'credit authority' means authority to incur direct loan obligations or to incur primary loan guarantee commitments.".

(2) Paragraph (2) of section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting before the comma the following: "or to collect offsetting receipts.".

(b) CONGRESSIONAL BUDGET PROCESS.—Title III of the Congressional Budget Act of 1974 is amended to read as follows:

"TITLE III—CONGRESSIONAL BUDGET PROCESS

"TIMETABLE

"SEC. 300. The timetable with respect to the congressional budget process for any fiscal year is as follows:

"On or before:	*Action to be completed:*
First Monday after January 3	*President submits his budget.*
February 15	*Congressional Budget Office submits report to Budget Committees.*
February 25	*Committees submit views and estimates to Budget Committees.*
April 1	*Senate Budget Committee reports concurrent resolution on the budget.*
April 15	*Congress completes action on concurrent resolution on the budget.*
May 15	*Annual appropriation bills may be considered in the House.*
June 10	*House Appropriations Committee reports last annual appropriation bill.*
June 15	*Congress completes action on reconciliation legislation.*
June 30	*House completes action on annual appropriation bills.*
October 1	*Fiscal year begins.*

"ANNUAL ADOPTION OF CONCURRENT RESOLUTION ON THE BUDGET

"SEC. 301. (a) CONTENT OF CONCURRENT RESOLUTION ON THE BUDGET.—On or before April 15 of each year, the Congress shall complete action on a concurrent resolution on the budget for the fiscal year beginning on October 1 of such year. The concurrent resolution shall set forth appropriate levels for the fiscal year beginning on October 1 of such year, and planning levels for each of the two ensuing fiscal years, for the following—

"(1) totals of new budget authority, budget outlays, direct loan obligations, and primary loan guarantee commitments;

"(2) total Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increased or decreased by bills and resolutions to be reported by the appropriate committees;

"(3) the surplus or deficit in the budget;

"(4) new budget authority, budget outlays, direct loan obligations, and primary loan guarantee commitments for each major functional category, based on allocations of the total levels set forth pursuant to paragraph (1); and

"(5) the public debt.

"(b) ADDITIONAL MATTERS IN CONCURRENT RESOLUTION.—The concurrent resolution on the budget may—

"(1) set forth, if required by subsection (f), the calendar year in which, in the opinion of the Congress, the goals for reducing

unemployment set forth in section 4(b) of the Employment Act of 1946 should be achieved;

"(2) include reconciliation directives described in section 310;

"(3) require a procedure under which all or certain bills or resolutions providing new budget authority or new entitlement authority for such fiscal year shall not be enrolled until the Congress has completed action on any reconciliation bill or reconciliation resolution or both required by such concurrent resolution to be reported in accordance with section 310(b); and

"(4) set forth such other matters, and require such other procedures, relating to the budget, as may be appropriate to carry out the purposes of this Act.

"(c) CONSIDERATION OF PROCEDURES OR MATTERS WHICH HAVE THE EFFECT OF CHANGING ANY RULE OF THE HOUSE OF REPRESENTATIVES.—If the Committee on the Budget of the House of Representatives reports any concurrent resolution on the budget which includes any procedure or matter which has the effect of changing any rule of the House of Representatives, such concurrent resolution shall then be referred to the Committee on Rules with instructions to report it within five calendar days (not counting any day on which the House is not in session). The Committee on Rules shall have jurisdiction to report any concurrent resolution referred to it under this paragraph with an amendment or amendments changing or striking out any such procedure or matter.

"(d) VIEWS AND ESTIMATES OF OTHER COMMITTEES.—On or before February 25 of each year, each committee of the House of Representatives having legislative jurisdiction shall submit to the Committee on the Budget of the House and each committee of the Senate having legislative jurisdiction shall submit to the Committee on the Budget of the Senate its views and estimates (as determined by the committee making such submission) with respect to all matters set forth in subsections (a) and (b) which relate to matters within the jurisdiction or functions of such committee. The Joint Economic Committee shall submit to the Committees on the Budget of both Houses its recommendations as to the fiscal policy appropriate to the goals of the Employment Act of 1946. Any other committee of the House of Representatives or the Senate may submit to the Committee on the Budget of its House, and any joint committee of the Congress may submit to the Committees on the Budget of both Houses, its views and estimates with respect to all matters set forth in subsections (a) and (b) which relate to matters within its jurisdiction or functions.

"(e) HEARINGS AND REPORT.—In developing the concurrent resolution on the budget referred to in subsection (a) for each fiscal year, the Committee on the Budget of each House shall hold hearings and shall receive testimony from Members of Congress and such appropriate representatives of Federal departments and agencies, the general public, and national organizations as the committee deems desirable. Each of the recommendations as to short-term and medium-term goals set forth in the report submitted by the members of the Joint Economic Committee under subsection (d) may be considered by the Committee on the Budget of each House as part of its consideration of such concurrent resolution, and its report may reflect its views thereon, including its views on how the estimates of

revenues and levels of budget authority and outlays set forth in such concurrent resolution are designed to achieve any goals it is recommending. The report accompanying such concurrent resolution shall include, but not be limited to—

"(1) a comparison of revenues estimated by the committee with those estimated in the budget submitted by the President;

"(2) a comparison of the appropriate levels of total budget outlays and total new budget authority, total direct loan obligations, total primary loan guarantee commitments, as set forth in such concurrent resolution, with those estimated or requested in the budget submitted by the President;

"(3) with respect to each major functional category, an estimate of budget outlays and an appropriate level of new budget authority for all proposed programs and for all existing programs (including renewals thereof), with the estimate and level for existing programs being divided between permanent authority and funds provided in appropriation Acts, and with each such division being subdivided between controllable amounts and all other amounts;

"(4) an allocation of the level of Federal revenues recommended in the concurrent resolution among the major sources of such revenues;

"(5) the economic assumptions and objectives which underlie each of the matters set forth in such concurrent resolution and any alternative economic assumptions and objectives which the committee considered;

"(6) projections (not limited to the following), for the period of five fiscal years beginning with such fiscal year, of the estimated levels of total budget outlays and total new budget authority, the estimated revenues to be received, and the estimated surplus or deficit, if any, for each fiscal year in such period, and the estimated levels of tax expenditures (the tax expenditures budget) by major functional categories;

"(7) a statement of any significant changes in the proposed levels of Federal assistance to State and local governments;

"(8) information, data, and comparisons indicating the manner in which, and the basis on which, the committee determined each of the matters set forth in the concurrent resolution; and

"(9) allocations described in section 302(a).

"(f) ACHIEVEMENT OF GOALS FOR REDUCING UNEMPLOYMENT.—

"(1) If, pursuant to section 4(c) of the Employment Act of 1946, the President recommends in the Economic Report that the goals for reducing unemployment set forth in section 4(b) of such Act be achieved in a year after the close of the five-year period prescribed by such subsection, the concurrent resolution on the budget for the fiscal year beginning after the date on which such Economic Report is received by the Congress may set forth the year in which, in the opinion of the Congress, such goals can be achieved.

"(2) After the Congress has expressed its opinion pursuant to paragraph (1) as to the year in which the goals for reducing unemployment set forth in section 4(b) of the Employment Act of 1946 can be achieved, if, pursuant to section 4(e) of such Act,

the President recommends in the Economic Report that such goals be achieved in a year which is different from the year in which the Congress has expressed its opinion that such goals should be achieved, either in its action pursuant to paragraph (1) or in its most recent action pursuant to this paragraph, the concurrent resolution on the budget for the fiscal year beginning after the date on which such Economic Report is received by the Congress may set forth the year in which, in the opinion of the Congress, such goals can be achieved.

"(3) It shall be in order to amend the provision of such resolution setting forth such year only if the amendment thereto also proposes to alter the estimates, amounts, and levels (as described in subsection (a)) set forth in such resolution in germane fashion in order to be consistent with the economic goals (as described in sections 3(a)(2) and 4(b) of the Employment Act of 1946) which such amendment proposes can be achieved by the year specified in such amendment.

"(g) COMMON ECONOMIC ASSUMPTIONS.—The joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall set forth the common economic assumptions upon which such joint statement and conference report are based, or upon which any amendment contained in the joint explanatory statement to be proposed by the conferees in the case of technical disagreement is based.

"(h) BUDGET COMMITTEES CONSULTATION WITH COMMITTEES.—The Committee on the Budget of the House of Representatives shall consult with the committees of its House having legislative jurisdiction during the preparation, consideration, and enforcement of the concurrent resolution on the budget with respect to all matters which relate to the jurisdiction or functions of such committees.

"(i) MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED.—

"(1)(A) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider any concurrent resolution on the budget for a fiscal year under this section, or to consider any amendment to such a concurrent resolution, or to consider a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report exceeds the recommended level of Federal revenues set forth for that year by an amount that is greater than the maximum deficit amount for such fiscal year as determined under section 3(7), or if the adoption of such amendment would result in a level of total budget outlays for that fiscal year which exceeds the recommended level of Federal revenues for that fiscal year, by an amount that is greater than the maximum deficit amount for such fiscal year as determined under section 3(7).

"(B) In the House of Representatives the point of order established under subparagraph (A) with respect to the consideration of a conference report or with respect to the consideration of a motion to concur, with or without an amendment or amendments, in a Senate amendment, the stage of disagreement having been reached, may be waived only by a vote of three-

fifths of the Members present and voting, a quorum being present.

"(2) Paragraph (1) of this subsection shall not apply if a declaration of war by the Congress is in effect.

"COMMITTEE ALLOCATIONS

"SEC. 302. (a) ALLOCATION OF TOTALS.—

"(1) For the House of Representatives, the joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall include an estimated allocation, based upon such concurrent resolution as recommended in such conference report, of the appropriate levels of total budget outlays, total new budget authority, total entitlement authority, and total credit authority among each committee of the House of Representatives which has jurisdiction over laws, bills and resolutions providing such new budget authority, such entitlement authority, or such credit authority. The allocation shall, for each committee, divide new budget authority, entitlement authority, and credit authority between amounts provided or required by law on the date of such conference report (mandatory or uncontrollable amounts), and amounts not so provided or required (discretionary or controllable amounts), and shall make the same division for estimated outlays that would result from such new budget authority.

"(2) For the Senate, the joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall include an estimated allocation, based upon such concurrent resolution as recommended in such conference report, of the appropriate levels of total budget outlays, total new budget authority and new credit authority among each committee of the House of Representatives and the Senate which has jurisdiction over bills and resolutions providing such new budget authority.

"(b) REPORTS BY COMMITTEES.—As soon as practicable after a concurrent resolution on the budget is agreed to—

"(1) the Committee on Appropriations of each House shall, after consulting with the Committee on Appropriations of the other House, (A) subdivide among its subcommittees the allocation of budget outlays, new budget authority, and new credit authority allocated to it in the joint explanatory statement accompanying the conference report on such concurrent resolution, and (B) further subdivide the amount with respect to each such subcommittee between controllable amounts and all other amounts; and

"(2) every other committee of the House and Senate to which an allocation was made in such joint explanatory statement shall, after consulting with the committee or committees of the other House to which all or part of its allocation was made, (A) subdivide such allocation among its subcommittees or among programs over which it has jurisdiction, and (B) further subdivide the amount with respect to each subcommittee or program between controllable amounts and all other amounts.

Each such committee shall promptly report to its House the subdivisions made by it pursuant to this subsection.

"(c) POINT OF ORDER.—It shall not be in order in the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto, providing—

"(1) new budget authority for a fiscal year;

"(2) new spending authority as described in section 401(c)(2) for a fiscal year; or

"(3) new credit authority for a fiscal year;

within the jurisdiction of any committee which has received an appropriate allocation of such authority pursuant to subsection (a) for such fiscal year, unless and until such committee makes the allocation or subdivisions required by subsection (b), in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year.

"(d) SUBSEQUENT CONCURRENT RESOLUTIONS.—In the case of a concurrent resolution on the budget referred to in section 304, the allocations under subsection (a) and the subdivisions under subsection (b) shall be required only to the extent necessary to take into account revisions made in the most recently agreed to concurrent resolution on the budget.

"(e) ALTERATION OF ALLOCATIONS.—At any time after a committee reports the allocations required to be made under subsection (b), such committee may report to its House an alteration of such allocations. Any alteration of such allocations must be consistent with any actions already taken by its House on legislation within the committee's jurisdiction.

"(f) LEGISLATION SUBJECT TO POINT OF ORDER.—

"(1) IN THE HOUSE OF REPRESENTATIVES.—After the Congress has completed action on a concurrent resolution on the budget for a fiscal year, it shall not be in order in the House of Representatives to consider any bill, resolution, or amendment providing new budget authority for such fiscal year, new entitlement authority effective during such fiscal year, or new credit authority for such fiscal year, or any conference report on any such bill or resolution, if—

"(A) the enactment of such bill or resolution as reported;

"(B) the adoption and enactment of such amendment; or

"(C) the enactment of such bill or resolution in the form recommended in such conference report,

would cause the appropriate allocation made pursuant to subsection (a) for such fiscal year of new discretionary budget authority, new entitlement authority, or new credit authority to be exceeded.

"(2) IN THE SENATE.—At any time after the Congress has completed action on the concurrent resolution on the budget required to be reported under section 301(a) for a fiscal year, it shall not be in order in the Senate to consider any bill or resolution (including a conference report thereon), or any amendment to a bill or resolution, that provides for budget outlays or new budget authority in excess of the appropriate allocation of such outlays or authority reported under subsection (b) in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year.

"(g) DETERMINATIONS BY BUDGET COMMITTEES.—For purposes of this section, the levels of new budget authority, spending authority as described in section 401(c)(2), outlays, and new credit authority for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or the Senate, as the case may be.

"CONCURRENT RESOLUTION ON THE BUDGET MUST BE ADOPTED BEFORE LEGISLATION PROVIDING NEW BUDGET AUTHORITY, NEW SPENDING AUTHORITY, NEW CREDIT AUTHORITY, OR CHANGES IN REVENUES OR THE PUBLIC DEBT LIMIT IS CONSIDERED

"SEC. 303. (a) IN GENERAL.—It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution (or amendment thereto) as reported to the House or Senate which provides—

"(1) new budget authority for a fiscal year;

"(2) an increase or decrease in revenues to become effective during a fiscal year;

"(3) an increase or decrease in the public debt limit to become effective during a fiscal year;

"(4) new entitlement authority to become effective during a fiscal year; or

"(5) new credit authority for a fiscal year.

until the concurrent resolution on the budget for such fiscal year has been agreed to pursuant to section 301.

"(b) EXCEPTIONS.—Subsection (a) does not apply to any bill or resolution—

"(1) providing new budget authority which first becomes available in a fiscal year following the fiscal year to which the concurrent resolution applies; or

"(2) increasing or decreasing revenues which first become effective in a fiscal year following the fiscal year to which the concurrent resolution applies.

After May 15 of any calendar year, subsection (a) does not apply in the House of Representatives to any general appropriation bill, or amendment thereto, which provides new budget authority for the fiscal year beginning in such calendar year.

"(c) WAIVER IN THE SENATE.—

"(1) The committee of the Senate which reports any bill or resolution (or amendment thereto) to which subsection (a) applies may at or after the time it reports such bill or resolution (or amendment), report a resolution to the Senate (A) providing for the waiver of subsection (a) with respect to such bill or resolution (or amendment), and (B) stating the reasons why the waiver is necessary. The resolution shall then be referred to the Committee on the Budget of the Senate. That committee shall report the resolution to the Senate within 10 days after the resolution is referred to it (not counting any day on which the Senate is not in session) beginning with the day following the day on which it is so referred, accompanied by that committee's recommendations and reasons for such recommendations with respect to the resolution. If the committee does not report the resolution within such 10-day period, it shall automatically be

discharged from further consideration of the resolution and the resolution shall be placed on the calendar.

"(2) During the consideration of any such resolution, debate shall be limited to one hour, to be equally divided between, and controlled by, the majority leader and minority leader or their designees, and the time on any debatable motion or appeal shall be limited to twenty minutes, to be equally divided between, and controlled by, the mover and the manager of the resolution. In the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from the time under their control on the passage of such resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal. No amendment to the resolution is in order.

"(3) If, after the Committee on the Budget has reported (or been discharged from further consideration of) the resolution, the Senate agrees to the resolution, then subsection (a) shall not apply with respect to the bill or resolution (or amendment thereto) to which the resolution so agreed to applies.

"PERMISSIBLE REVISIONS OF CONCURRENT RESOLUTIONS ON THE BUDGET

"SEC. 304. (a) IN GENERAL.—At any time after the concurrent resolution on the budget for a fiscal year has been agreed to pursuant to section 301, and before the end of such fiscal year, the two Houses may adopt a concurrent resolution on the budget which revises or reaffirms the concurrent resolution on the budget for such fiscal year most recently agreed to.

"(b) MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED.—The provisions of section 301(i) shall apply with respect to concurrent resolutions on the budget under this section (and amendments thereto and conference reports thereon) in the same way they apply to concurrent resolutions on the budget under such section 301(i) (and amendments thereto and conference reports thereon).

"PROVISIONS RELATING TO THE CONSIDERATION OF CONCURRENT RESOLUTIONS ON THE BUDGET

"SEC. 305. (a) PROCEDURE IN HOUSE OF REPRESENTATIVES AFTER REPORT OF COMMITTEE; DEBATE.—

"(1) When the Committee on the Budget of the House of Representatives has reported any concurrent resolution on the budget, it is in order at any time after the fifth day (excluding Saturdays, Sundays, and legal holidays) following the day on which the report upon such resolution by the Committee on the Budget has been available to Members of the House and, if applicable, after the first day (excluding Saturdays, Sundays, and legal holidays) following the day on which a report upon such resolution by the Committee on Rules pursuant to section 301(c) has been available to Members of the House (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the concurrent resolution. The motion is highly privileged and is not debatable. An amend-

ment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(2) General debate on any concurrent resolution on the budget in the House of Representatives shall be limited to not more than 10 hours, which shall be divided equally between the majority and minority parties, plus such additional hours of debate as are consumed pursuant to paragraph (3). A motion further to limit debate is not debatable. A motion to recommit the concurrent resolution is not in order, and it is not in order to move to reconsider the vote by which the concurrent resolution is agreed to or disagreed to.

"(3) Following the presentation of opening statements on the concurrent resolution on the budget for a fiscal year by the chairman and ranking minority member of the Committee on the Budget of the House, there shall be a period of up to four hours for debate on economic goals and policies.

"(4) Only if a concurrent resolution on the budget reported by the Committee on the Budget of the House sets forth the economic goals (as described in sections 3(a)(2) and 4(b) of the Full Employment Act of 1946) which the estimates, amounts, and levels (as described in section 301(a)) set forth in such resolution are designed to achieve, shall it be in order to offer to such resolution an amendment relating to such goals, and such amendment shall be in order only if it also proposes to alter such estimates, amounts, and levels in germane fashion in order to be consistent with the goals proposed in such amendment.

"(5) Consideration of any concurrent resolution on the budget by the House of Representatives shall be in the Committee of the Whole, and the resolution shall be considered for amendment under the five-minute rule in accordance with the applicable provisions of rule XXIII of the Rules of the House of Representatives. After the Committee rises and reports the resolution back to the House, the previous question shall be considered as ordered on the resolution and any amendments thereto to final passage without intervening motion; except that it shall be in order at any time prior to final passage (notwithstanding any other rule or provision of law) to adopt an amendment (or a series of amendments) changing any figure or figures in the resolution as so reported to the extent necessary to achieve mathematical consistency.

"(6) Debate in the House of Representatives on the conference report on any concurrent resolution on the budget shall be limited to not more than 5 hours, which shall be divided equally between the majority and minority parties. A motion further to limit debate is not debatable. A motion to recommit the conference report is not in order, and it is not in order to move to reconsider the vote by which the conference report is agreed to or disagreed to.

"(7) Appeals from decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to any concurrent resolution on the budget shall be decided without debate.

"(b) PROCEDURE IN SENATE AFTER REPORT OF COMMITTEE; DEBATE; AMENDMENTS.—

"(1) Debate in the Senate on any concurrent resolution on the budget, and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 50 hours, except that with respect to any concurrent resolution referred to in section 304(a) all such debate shall be limited to not more than 15 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

"(2) Debate in the Senate on any amendment to a concurrent resolution on the budget shall be limited to 2 hours, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution, and debate on any amendment to an amendment, debatable motion, or appeal shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution, except that in the event the manager of the concurrent resolution is in favor of any such amendment, motion, or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. No amendment that is not germane to the provisions of such concurrent resolution shall be received. Such leaders, or either of them, may, from the time under their control on the passage of the concurrent resolution, allot additional time to any Senator during the consideration of any amendment, debatable motion, or appeal.

"(3) Following the presentation of opening statements on the concurrent resolution on the budget for a fiscal year by the chairman and ranking minority member of the Committee on the Budget of the Senate, there shall be a period of up to four hours for debate on economic goals and policies.

"(4) Subject to the other limitations of this Act, only if a concurrent resolution on the budget reported by the Committee on the Budget of the Senate sets forth the economic goals (as described in sections 3(a)(2) and 4(b) of the Employment Act of 1946) which the estimates, amounts, and levels (as described in section 301(a)) set forth in such resolution are designed to achieve, shall it be in order to offer to such resolution an amendment relating to such goals, and such amendment shall be in order only if it also proposes to alter such estimates, amounts, and levels in germane fashion in order to be consistent with the goals proposed in such amendment.

"(5) A motion to further limit debate is not debatable. A motion to recommit (except a motion to recommit with instructions to report back within a specified number of days, not to exceed 3, not counting any day on which the Senate is not in session) is not in order. Debate on any such motion to recommit shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution.

"(6) Notwithstanding any other rule, an amendment or series of amendments to a concurrent resolution on the budget proposed in the Senate shall always be in order if such amendment or series of amendments proposes to change any figure or figures

then contained in such concurrent resolution so as to make such concurrent resolution mathematically consistent or so as to maintain such consistency.

"(c) ACTION ON CONFERFNCE REPORTS IN THE SENATE.—

"(1) The conference report on any concurrent resolution on the budget shall be in order in the Senate at any time after the third day (excluding Saturdays, Sundays, and legal holidays) following the day on which such conference report is reported and is available to Members of the Senate. A motion to proceed to the consideration of the conference report may be made even though a previous motion to the same effect has been disagreed to.

"(2) During the consideration in the Senate of the conference report on any concurrent resolution on the budget, debate shall be limited to 10 hours, to be equally divided between, and controlled by, the majority leader and minority leader or their designees. Debate on any debatable motion or appeal related to the conference report shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the conference report.

"(3) Should the conference report be defeated, debate on any request for a new conference and the appointment of conferees shall be limited to 1 hour, to be equally divided between, and controlled by, the manager of the conference report and the minority leader or his designee, and should any motion be made to instruct the conferees before the conferees are named, debate on such motion shall be limited to one-half hour, to be equally divided between, and controlled by, the mover and the manager of the conference report. Debate on any amendment to any such instructions shall be limited to 20 minutes, to be equally divided between and controlled by the mover and the manager of the conference report. In all cases when the manager of the conference report is in favor of any motion, appeal, or amendment, the time in opposition shall be under the control of the minority leader or his designee.

"(4) In any case in which there are amendments in disagreement, time on each amendment shall be limited to 30 minutes, to be equally divided between, and controlled by, the manager of the conference report and the minority leader or his designee. No amendment that is not germane to the provisions of such amendments shall be received.

"(d) REQUIRED ACTION BY CONFERENCE COMMITTEE.—If at the end of 7 days (excluding Saturdays, Sundays, and legal holidays) after the conferees of both Houses have been appointed to a committee of conference on a concurrent resolution on the budget, the conferees are unable to reach agreement with respect to all matters in disagreement between the two Houses, then the conferees shall submit to their respective Houses, on the first day thereafter on which their House is in session—

"(1) a conference report recommending those matters on which they have agreed and reporting in disagreement those matters on which they have not agreed; or

"(2) a conference report in disagreement, if the matter in disagreement is an amendment which strikes out the entire text of the concurrent resolution and inserts a substitute text.

"(e) CONCURRENT RESOLUTION MUST BE CONSISTENT IN THE SENATE.—It shall not be in order in the Senate to vote on the question of agreeing to—

"(1) a concurrent resolution on the budget unless the figures then contained in such resolution are mathematically consistent; or

"(2) a conference report on a concurrent resolution on the budget unless the figures contained in such resolution, as recommended in such conference report, are mathematically consistent.

"LEGISLATION DEALING WITH CONGRESSIONAL BUDGET MUST BE HANDLED BY BUDGET COMMITTEES

"SEC. 306. No bill or resolution, and no amendment to any bill or resolution, dealing with any matter which is within the jurisdiction of the Committee on the Budget of either House shall be considered in that House unless it is a bill or resolution which has been reported by the Committee on the Budget of that House (or from the consideration of which such committee has been discharged) or unless it is an amendment to such a bill or resolution.

"HOUSE COMMITTEE ACTION ON ALL APPROPRIATION BILLS TO BE COMPLETED BY JUNE 10

"SEC. 307. On or before June 10 of each year, the Committee on Appropriations of the House of Representatives shall report annual appropriation bills providing new budget authority under the jurisdiction of all of its subcommittees for the fiscal year which begins on October 1 of that year.

"REPORTS, SUMMARIES, AND PROJECTIONS OF CONGRESSIONAL BUDGET ACTIONS

"SEC. 308. (a) REPORTS ON LEGISLATION PROVIDING NEW BUDGET AUTHORITY, NEW SPENDING AUTHORITY, OR NEW CREDIT AUTHORITY, OR PROVIDING AN INCREASE OR DECREASE IN REVENUES OR TAX EXPENDITURES.—

"(1) Whenever a committee of either House reports to its House a bill or resolution, or committee amendment thereto, providing new budget authority (other than continuing appropriations), new spending authority described in section 401(c)(2), or new credit authority, or providing an increase or decrease in revenues or tax expenditures for a fiscal year, the report accompanying that bill or resolution shall contain a statement, or the committee shall make available such a statement in the case of an approved committee amendment which is not reported to its House, prepared after consultation with the Director of the Congressional Budget Office—

"(A) comparing the levels in such measure to the appropriate allocations in the reports submitted under section 302(b) for the most recently agreed to concurrent resolution on the budget for such fiscal year;

"(B) including an identification of any new spending authority described in section 401(c)(2) which is contained in such measure and a justification for the use of such financing method instead of annual appropriations;

"(C) containing a projection by the Congressional Budget Office of how such measure will affect the levels of such budget authority, budget outlays, spending authority, revenues, tax expenditures, direct loan obligations, or primary loan guarantee commitments under existing law for such fiscal year and each of the four ensuing fiscal years, if timely submitted before such report is filed; and

"(D) containing an estimate by the Congressional Budget Office of the level of new budget authority for assistance to State and local governments provided by such measure, if timely submitted before such report is filed.

"(2) Whenever a conference report is filed in either House and such conference report or any amendment reported in disagreement or any amendment contained in the joint statement of managers to be proposed by the conferees in the case of technical disagreement on such bill or resolution provides new budget authority (other than continuing appropriations), new spending authority described in section 401(c)(2), or new credit authority, or provides an increase or decrease in revenues for a fiscal year, the statement of managers accompanying such conference report shall contain the information described in paragraph (1), if available on a timely basis. If such information is not available when the conference report is filed, the committee shall make such information available to Members as soon as practicable prior to the consideration of such conference report.

"(b) UP-TO-DATE TABULATIONS OF CONGRESSIONAL BUDGET ACTION.—

"(1) The Director of the Congressional Budget Office shall issue to the committees of the House of Representatives and the Senate reports on at least a monthly basis detailing and tabulating the progress of congressional action on bills and resolutions providing new budget authority, new spending authority described in section 401(c)(2), or new credit authority, or providing an increase or decrease in revenues or tax expenditures for a fiscal year. Such reports shall include but are not limited to an up-to-date tabulation comparing the appropriate aggregate and functional levels (including outlays) included in the most recently adopted concurrent resolution on the budget with the levels provided in bills and resolutions reported by committees or adopted by either House or by the Congress, and with the levels provided by law for the fiscal year preceding such fiscal year.

"(2) The Committee on the Budget of each House shall make available to Members of its House summary budget scorekeeping reports. Such reports—

"(A) shall be made available on at least a monthly basis, but in any case frequently enough to provide Members of each House an accurate representation of the current status of congressional consideration of the budget;

"(B) shall include, but are not limited to, summaries of tabulations provided under subsection (b)(1); and

"(C) shall be based on information provided under subsection (b)(1) without substantive revision.

The chairman of the Committee on the Budget of the House of Representatives shall submit such reports to the Speaker.

"(c) FIVE-YEAR PROJECTION OF CONGRESSIONAL BUDGET ACTION.—As soon as practicable after the beginning of each fiscal year, the Director of the Congressional Budget Office shall issue a report projecting for the period of 5 fiscal years beginning with such fiscal year—

"(1) total new budget authority and total budget outlays for each fiscal year in such period;

"(2) revenues to be received and the major sources thereof, and the surplus or deficit, if any, for each fiscal year in such period;

"(3) tax expenditures for each fiscal year in such period;

"(4) entitlement authority for each fiscal year in such period; and

"(5) credit authority for each fiscal year in such period.

"HOUSE APPROVAL OF REGULAR APPROPRIATION BILLS

"SEC. 309. It shall not be in order in the House of Representatives to consider any resolution providing for an adjournment period of more than three calendar days during the month of July until the House of Representatives has approved annual appropriation bills providing new budget authority under the jurisdiction of all the subcommittees of the Committee on Appropriations for the fiscal year beginning on October 1 of such year. For purposes of this section, the chairman of the Committee on Appropriations of the House of Representatives shall periodically advise the Speaker as to changes in jurisdiction among its various subcommittees.

"RECONCILIATION

"SEC. 310. (a) INCLUSION OF RECONCILIATION DIRECTIVES IN CONCURRENT RESOLUTIONS ON THE BUDGET.—A concurrent resolution on the budget for any fiscal year, to the extent necessary to effectuate the provisions and requirements of such resolution, shall—

"(1) specify the total amount by which—

"(A) new budget authority for such fiscal year;

"(B) budget authority initially provided for prior fiscal years;

"(C) new entitlement authority which is to become effective during such fiscal year; and

"(D) credit authority for such fiscal year, contained in laws, bills, and resolutions within the jurisdiction of a committee, is to be changed and direct that committee to determine and recommend changes to accomplish a change of such total amount;

"(2) specify the total amount by which revenues are to be changed and direct that the committees having jurisdiction to determine and recommend changes in the revenue laws, bills, and resolutions to accomplish a change of such total amount;

"(3) specify the amounts by which the statutory limit on the public debt is to be changed and direct the committee having jurisdiction to recommend such change; or

"(4) specify and direct any combination of the matters described in paragraphs (1), (2), and (3).

"(b) LEGISLATIVE PROCEDURE.—If a concurrent resolution containing directives to one or more committees to determine and recommend changes in laws, bills, or resolutions is agreed to in accordance with subsection (a), and—

"(1) only one committee of the House or the Senate is directed to determine and recommend changes, that committee shall promptly make such determination and recommendations and report to its House reconciliation legislation containing such recommendations; or

"(2) more than one committee of the House or the Senate is directed to determine and recommend changes, each such committee so directed shall promptly make such determination and recommendations and submit such recommendations to the Committee on the Budget of its House, which, upon receiving all such recommendations, shall report to its House reconciliation legislation carrying out all such recommendations without any substantive revision.

For purposes of this subsection, a reconciliation resolution is a concurrent resolution directing the Clerk of the House of Representatives or the Secretary of the Senate, as the case may be, to make specified changes in bills and resolutions which have not been enrolled.

"(c) COMPLIANCE WITH RECONCILIATION DIRECTIONS.—Any committee of the House of Representatives or the Senate that is directed, pursuant to a concurrent resolution on the budget, to determine and recommend changes of the type described in paragraphs (1) and (2) of subsection (a) with respect to laws within its jurisdiction, shall be deemed to have complied with such directions—

"(1) if—

"(A) the amount of the changes of the type described in paragraph (1) of such subsection recommended by such committee do not exceed or fall below the amount of the changes such committee was directed by such concurrent resolution to recommend under such paragraph by more than 20 percent of the total of the amounts of the changes such committee was directed to make under paragraphs (1) and (2) of such subsection, and

"(B) the amount of the changes of the type described in paragraph (2) of such subsection recommended by such committee do not exceed or fall below the amount of the changes such committee was directed by such concurrent resolution to recommend under that paragraph by more than 20 percent of the total of the amounts of the changes such committee was directed to make under paragraphs (1) and (2) of such subsection; and

"(2) if the total amount of the changes recommended by such committee is not less than the total of the amounts of the changes such committee was directed to make under paragraphs (1) and (2) of such subsection.

"(d) LIMITATION ON AMENDMENTS TO RECONCILIATION BILLS AND RESOLUTIONS.—

"(1) It shall not be in order in the House of Representatives to consider any amendment to a reconciliation bill or reconciliation resolution if such amendment would have the effect of increasing any specific budget outlays above the level of such outlays provided in the bill or resolution (for the fiscal years covered by the reconciliation instructions set forth in the most recently agreed to concurrent resolution on the budget), or would have the effect of reducing any specific Federal revenues below the level of such revenues provided in the bill or resolution (for such fiscal years), unless such amendment makes at least an equivalent reduction in other specific budget outlays, an equivalent increase in other specific Federal revenues, or an equivalent combination thereof (for such fiscal years), except that a motion to strike a provision providing new budget authority or new entitlement authority may be in order.

"(2) It shall not be in order in the Senate to consider any amendment to a reconciliation bill or reconciliation resolution if such amendment would have the effect of decreasing any specific budget outlay reductions below the level of such outlay reductions provided (for the fiscal years covered) in the reconciliation instructions which relate to such bill or resolution set forth in a resolution providing for reconciliation, or would have the effect of reducing Federal revenue increases below the level of such revenue increases provided (for such fiscal years) in such instructions relating to such bill or resolution, unless such amendment makes a reduction in other specific budget outlays, an increase in other specific Federal revenues, or a combination thereof (for such fiscal years) at least equivalent to any increase in outlays or decrease in revenues provided by such amendment, except that a motion to strike a provision shall always be in order.

"(3) Paragraphs (1) and (2) shall not apply if a declaration of war by the Congress is in effect.

"(4) For purposes of this section, the levels of budget outlays and Federal revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or of the Senate, as the case may be.

"(5) The Committee on Rules of the House of Representatives may make in order amendments to achieve changes specified by reconciliation directives contained in a concurrent resolution on the budget if a committee or committees of the House fail to submit recommended changes to its Committee on the Budget pursuant to its instruction.

"(e) PROCEDURE IN THE SENATE.—

"(1) Except as provided in paragraph (2), the provisions of section 305 for the consideration in the Senate of concurrent resolutions on the budget and conference reports thereon shall also apply to the consideration in the Senate of reconciliation bills reported under subsection (b) and conference reports thereon.

"(2) Debate in the Senate on any reconciliation bill reported under subsection (b), and all amendments thereto and debatable

motions and appeals in connection therewith, shall be limited to not more than 20 hours.

"(f) COMPLETION OF RECONCILIATION PROCESS.—

"(1) IN GENERAL.—Congress shall complete action on any reconciliation bill or reconciliation resolution reported under subsection (b) not later than June 15 of each year.

"(2) POINT OF ORDER IN THE HOUSE OF REPRESENTATIVES.—It shall not be in order in the House of Representatives to consider any resolution providing for an adjournment period of more than three calendar days during the month of July until the House of Representatives has completed action on the reconciliation legislation for the fiscal year beginning on October 1 of the calendar year to which the adjournment resolution pertains, if reconciliation legislation is required to be reported by the concurrent resolution on the budget for such fiscal year.

"(g) LIMITATION ON CHANGES TO THE SOCIAL SECURITY ACT.—Notwithstanding any other provision of law, it shall not be in order in the Senate or the House of Representatives to consider any reconciliation bill or reconciliation resolution reported pursuant to a concurrent resolution on the budget agreed to under section 301 or 304, or a resolution pursuant to section 254(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, or any amendment thereto or conference report thereon, that contains recommendations with respect to the old-age, survivors, and disability insurance program established under title II of the Social Security Act.

"NEW BUDGET AUTHORITY, NEW SPENDING AUTHORITY, AND REVENUE LEGISLATION MUST BE WITHIN APPROPRIATE LEVELS

"SEC. 311. (a) LEGISLATION SUBJECT TO POINT OF ORDER.—Except as provided by subsection (b), after the Congress has completed action on a concurrent resolution on the budget for a fiscal year, it shall not be in order in either the House of Representatives or the Senate to consider any bill, resolution, or amendment providing new budget authority for such fiscal year, providing new entitlement authority effective during such fiscal year, or reducing revenues for such fiscal year, or any conference report on any such bill or resolution, if—

"(1) the enactment of such bill or resolution as reported;

"(2) the adoption and enactment of such amendment; or

"(3) the enactment of such bill or resolution in the form recommended in such conference report;

would cause the appropriate level of total new budget authority or total budget outlays set forth in the most recently agreed to concurrent resolution on the budget for such fiscal year to be exceeded, or would cause revenues to be less than the appropriate level of total revenues set forth in such concurrent resolution or, in the Senate, would otherwise result in a deficit for such fiscal year that exceeds the maximum deficit amount specified for such fiscal year in section 3(7) (except to the extent that paragraph (1) of section 301(i) or section 304(b), as the case may be, does not apply by reason of paragraph (2) of such subsection).

"(b) EXCEPTION IN THE HOUSE OF REPRESENTATIVES.—Subsection (a) shall not apply in the House of Representatives to any bill, reso-

lution, or amendment which provides new budget authority or new entitlement authority effective during such fiscal year, or to any conference report on any such bill or resolution, if—

"(1) the enactment of such bill or resolution as reported;

"(2) the adoption and enactment of such amendment; or

"(3) the enactment of such bill or resolution in the form recommended in such conference report,

would not cause the appropriate allocation of new discretionary budget authority or new entitlement authority made pursuant to section 302(a) for such fiscal year, for the committee within whose jurisdiction such bill, resolution, or amendment falls, to be exceeded.

"(c) DETERMINATION OF BUDGET LEVELS.—For purposes of this section, the levels of new budget authority, budget outlays, new entitlement authority, and revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or of the Senate, as the case may be.".

Subpart II—Amendments to Title IV of the Congressional Budget Act of 1974

SEC. 211. NEW SPENDING AUTHORITY.

Section 401 of the Congressional Budget Act of 1974 is amended to read as follows:

"BILLS PROVIDING NEW SPENDING AUTHORITY

"SEC. 401. (a) CONTROLS ON LEGISLATION PROVIDING SPENDING AUTHORITY.—It shall not be order in either the House of Representatives or the Senate to consider any bill, resolution, or conference report, as reported to its House which provides new spending authority described in subsection (c)(2) (A) or (B) (or any amendment which provides such new spending authority), unless that bill, resolution, conference report, or amendment also provides that such new spending authority as described in subsection (c)(2) (A) or (B) is to be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

"(b) LEGISLATION PROVIDING ENTITLEMENT AUTHORITY.—

"(1) It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution which provides new spending authority described in subsection (c)(2)(C) (or any amendment which provides such new spending authority) which is to become effective before the first day of the fiscal year which begins during the calendar year in which such bill or resolution is reported.

"(2) If any committee of the House of Representatives or the Senate reports any bill or resolution which provides new spending authority described in subsection (c)(2)(C) which is to become effective during a fiscal year and the amount of new budget authority which will be required for such fiscal year if such bill or resolution is enacted as so reported exceeds the appropriate allocation of new budget authority reported under section 302(b) in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year, such bill or resolution

shall then be referred to the Committee on Appropriations of that House with instructions to report it, with the committee's recommendations, within 15 calendar days (not counting any day on which that House is not in session) beginning with the day following the day on which it is so referred. If the Committee on Appropriations of either House fails to report a bill or resolution referred to it under this paragraph within such 15-day period, the committee shall automatically be discharged from further consideration of such bill or resolution and such bill or resolution shall be placed on the appropriate calendar.

"(3) The Committee on Appropriations of each House shall have jurisdiction to report any bill or resolution referred to it under paragraph (2) with an amendment which limits the total amount of new spending authority provided in such bill or resolution.

"(c) DEFINITIONS.—

"(1) For purposes of this section, the term 'new spending authority' means spending authority not provided by law on the effective date of this Act, including any increase in or addition to spending authority provided by law on such date.

"(2) For purposes of paragraph (1), the term 'spending authority' means authority (whether temporary or permanent)—

"(A) to enter into contracts under which the United States is obligated to make outlays, the budget authority for which is not provided in advance by appropriation Acts;

"(B) to incur indebtedness (other than indebtedness incurred under chapter 31 of title 31 of the United States Code) for the repayment of which the United States is liable, the budget authority for which is not provided in advance by appropriation Acts;

"(C) to make payments (including loans and grants), the budget authority for which is not provided for in advance by appropriation Acts, to any person or government if, under the provisions of the law containing such authority, the United States is obligated to make such payments to persons or governments who meet the requirements established by such law;

"(D) to forego the collection by the United States of proprietary offsetting receipts, the budget authority for which is not provided in advance by appropriation Acts to offset such foregone receipts; and

"(E) to make payments by the United States (including loans, grants, and payments from revolving funds) other than those covered by subparagraph (A), (B), (C), or (D), the budget authority for which is not provided in advance by appropriation Acts.

Such term does not include authority to insure or guarantee the repayment of indebtedness incurred by another person or government.

"(d) EXCEPTIONS.—

"(1) Subsections (a) and (b) shall not apply to new spending authority if the budget authority for outlays which will result from such new spending authority is derived—

"(A) from a trust fund established by the Social Security Act (as in effect on the date of the enactment of this Act); or

"(B) from any other trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954.

"(2) Subsections (a) and (b) shall not apply to new spending authority which is an amendment to or extension of the State and Local Fiscal Assistance Act of 1972, or a continuation of the program of fiscal assistance to State and local governments provided by that Act, to the extent so provided in the bill or resolution providing such authority.

"(3) Subsections (a) and (b) shall not apply to new spending authority to the extent that—

"(A) the outlays resulting therefrom are made by an organization which is (i) a mixed-ownership Government corporation (as defined in section 201 of the Government Corporation Control Act), or (ii) a wholly owned Government corporation (as defined in section 101 of such Act) which is specifically exempted by law from compliance with any or all of the provisions of that Act, as of the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985; or

"(B) the outlays resulting therefrom consist exclusively of the proceeds of gifts or bequests made to the United States for a specific purpose.".

SEC. 212. CREDIT AUTHORITY.

Section 402 of the Congressional Budget Act of 1974 is amended to read as follows:

"LEGISLATION PROVIDING NEW CREDIT AUTHORITY

"SEC. 402. (a) CONTROLS ON LEGISLATION PROVIDING NEW CREDIT AUTHORITY.—It shall not be in order in either the House of Representatives or the Senate to consider any bill, resolution, or conference report, as reported to its House, or any amendment which provides new credit authority described in subsection (b)(1), unless that bill, resolution, conference report, or amendment also provides that such new credit authority is to be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

"(b) DEFINITION.—For purposes of this Act, the term 'new credit authority' means credit authority (as defined in section 3(10) of this Act) not provided by law on the effective date of this section, including any increase in or addition to credit authority provided by law on such date.".

SEC. 213. DESCRIPTION BY CONGRESSIONAL BUDGET OFFICE.

(a) CONGRESSIONAL BUDGET OFFICE ANALYSIS.—Section 403(a) of the Congressional Budget Act of 1974 is amended by striking out "and" at the end of paragraph (2), by striking out the period and

inserting "; and" at the end of paragraph (3), and by inserting at the end thereof the following new paragraph:

"(4) a description of each method for establishing a Federal financial commitment contained in such bill or resolution.".

(b) CONFORMING AMENDMENT.—The second sentence of section 403(a) of such Act is amended by striking out "estimates and comparison" and inserting in lieu thereof "estimates, comparison, and description".

SEC. 214. GENERAL ACCOUNTING OFFICE STUDY; OFF-BUDGET AGENCIES; MEMBER USER GROUP.

Title IV of the Congressional Budget Act of 1974 is amended by inserting at the end thereof the following new sections:

"STUDY BY THE GENERAL ACCOUNTING OFFICE OF FORMS OF FEDERAL FINANCIAL COMMITMENT THAT ARE NOT REVIEWED ANNUALLY BY CONGRESS

"SEC. 405. The General Accounting Office shall study those provisions of law which provide spending authority as described by section 401(c)(2) and which provide permanent appropriations, and report to the Congress its recommendations for the appropriate form of financing for activities or programs financed by such provisions not later than eighteen months after the effective date of this section. Such report shall be revised from time to time.

"OFF-BUDGET AGENCIES, PROGRAMS, AND ACTIVITIES

"SEC. 406. (a) Notwithstanding any other provision of law, budget authority, credit authority, and estimates of outlays and receipts for activities of the Federal budget which are off-budget immediately prior to the date of enactment of this section, not including activities of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, shall be included in a budget submitted pursuant to section 1105 of title 31, United States Code, and in a concurrent resolution on the budget reported pursuant to section 301 or section 304 of this Act and shall be considered, for purposes of this Act, budget authority, outlays, and spending authority in accordance with definitions set forth in this Act.

"(b) All receipts and disbursements of the Federal Financing Bank with respect to any obligations which are issued, sold, or guaranteed by a Federal agency shall be treated as a means of financing such agency for purposes of section 1105 of title 31, United States Code, and for purposes of this Act.

"MEMBER USER GROUP

"SEC. 407. The Speaker of the House of Representatives, after consulting with the Minority Leader of the House, may appoint a Member User Group for the purpose of reviewing budgetary scorekeeping rules and practices of the House and advising the Speaker from time to time on the effect and impact of such rules and practices.".

Subpart III—Additional Provisions to Improve Budget Procedures

SEC. 221. CONGRESSIONAL BUDGET OFFICE.

(a) REPORTING DATE.—Section 202(f)(1) of the Congressional Budget Act of 1974 is amended by striking out "April 1" in the first sentence and inserting in lieu thereof "February 15".

(b) ADDITIONAL REPORTING REQUIREMENT.—Section 202(f) of such Act is further amended by adding at the end thereof the following new paragraph:

"(3) On or before January 15 of each year, the Director, after consultation with the appropriate committees of the House of Representatives and Senate, shall submit to the Congress a report listing (A) all programs and activities funded during the fiscal year ending September 30 of that calendar year for which authorizations for appropriations have not been enacted for that fiscal year, and (B) all programs and activities for which authorizations for appropriations have been enacted for the fiscal year ending September 30 of that calendar year, but for which no authorizations for appropriations have been enacted for the fiscal year beginning October 1 of that calendar year.".

(c) STUDIES.—Section 202 of such Act is further amended by adding at the end thereof the following new subsection:

"(h) STUDIES.—The Director shall conduct continuing studies to enhance comparisons of budget outlays, credit authority, and tax expenditures.".

SEC. 222. CURRENT SERVICES BUDGET FOR CONGRESSIONAL BUDGET PURPOSES.

(a) CURRENT SERVICES BUDGET.—The first sentence of section 1109(a) of title 31, United States Code, is amended by striking out "Before November 11 of each year" and inserting in lieu thereof "On or before the first Monday after January 3 of each year (on or before February 5 in 1986)".

(b) JOINT ECONOMIC COMMITTEE REVIEW.—Section 1109(b) of title 31, United States Code, is amended by striking out "January 1" and inserting in lieu thereof "March 1".

SEC. 223. STUDY OF OFF-BUDGET AGENCIES.

Section 606 of the Congressional Budget Act of 1974 is repealed.

SEC. 224. CHANGES IN FUNCTIONAL CATEGORIES.

Section 1104(c) of title 31, United States Code, is amended by adding at the end thereof the following new sentence: "Committees of the House of Representatives and Senate shall receive prompt notification of all such changes.".

SEC. 225. JURISDICTION OF COMMITTEE ON GOVERNMENT OPERATIONS.

Clause 1(j) of Rule X of the Rules of the House of Representatives is amended by inserting after item (5) the following new item:

"(6) Measures providing for off-budget treatment of Federal agencies or programs.".

SEC. 226. CONTINUING STUDY OF CONGRESSIONAL BUDGET PROCESS.

Clause 3 of Rule X of the Rules of the House of Representatives is amended by adding at the end thereof the following:

"(i) The Committee on Rules shall have the function of reviewing and studying, on a continuing basis, the congressional budget process, and the committee shall, from time to time, report its findings and recommendations to the House."

SEC. 227. EARLY ELECTION OF COMMITTEES OF THE HOUSE.

Clause 6(a)(1) of Rule X of the Rules of the House of Representatives is amended by striking out "at" and inserting in lieu thereof "within the seventh calendar day beginning after", and by adding at the end thereof the following new sentence: "It shall always be in order to consider resolutions recommended by the respective party caucuses to change the composition of standing committees.".

SEC. 228. RESCISSIONS AND TRANSFERS IN APPROPRIATION BILLS.

(a) RESCISSIONS.—Clause 2(b) of Rule XXI of the Rules of the House of Representatives is amended by inserting before the period at the end thereof the following: ", and except rescissions of appropriations contained in appropriation Acts".

(b) TRANSFERS.—Clause 6 of Rule XXI of the Rules of the House of Representatives is amended by inserting before the period at the end thereof the following: ", and shall not apply to transfers of unexpended balances within the department or agency for which they were originally appropriated, reported by the Committee on Appropriations".

Subpart IV—Technical and Conforming Amendments

SEC. 231. TABLE OF CONTENTS.

The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 with respect to title III is amended to read as follows:

"TITLE III—CONGRESSIONAL BUDGET PROCESS

"Sec. 300. Timetable.
"Sec. 301. Annual adoption of concurrent resolution on the budget.
"Sec. 302. Committee allocations.
"Sec. 303. Concurrent resolution on the budget must be adopted before legislation providing new budget authority, new spending authority, new credit authority or changes in revenues or the public debt limit is considered.
"Sec. 304. Permissible revisions of concurrent resolutions on the budget.
"Sec. 305. Procedures relating to consideration of concurrent resolutions on the budget.
"Sec. 306. Legislation dealing with congressional budget must be handled by budget committees.
"Sec. 307. House committee action on all appropriation bills to be completed by June 10.
"Sec. 308. Reports, summaries, and projections of congressional budget actions.
"Sec. 309. House approval of regular appropriation bills.
"Sec. 310. Reconciliation.
"Sec. 311. New budget authority, new spending authority, and revenue legislation must be within appropriate levels.".

SEC. 232. ADDITIONAL TECHNICAL AND CONFORMING AMENDMENTS.

(a) TABLE OF CONTENTS.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended—

(1) by striking out the item relating to section 402 and inserting in lieu thereof the following new item:

"Sec. 402. Legislation providing new credit authority.";

(2) by inserting after the item relating to section 404 the following new items:

"Sec. 405. Study by the General Accounting Office of forms of Federal financial commitment that are not reviewed annually by Congress.
"Sec. 406. Off-budget agencies, programs, and activities.
"Sec. 407. Member user group."; and

(3) by striking out the item relating to section 606.

(b) TECHNICAL AMENDMENT.—Paragraph (4) of section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended—

(1) by adding "and" after the semicolon at the end of subparagraph (A);

(2) by striking out subparagraph (B); and

(3) by redesignating subparagraph (C) as subparagraph (B).

(c) TECHNICAL AMENDMENT.—Subparagraph (2) of clause 4(b) of rule X of the Rules of the House of Representatives is amended by striking out "first concurrent resolution" and inserting in lieu thereof "concurrent resolutions".

(d) TECHNICAL AMENDMENT.—Clause 4(g) of rule X of the Rules of the House of Representatives is amended by striking out "March 15" and inserting in lieu thereof "February 25".

(e) TECHNICAL AMENDMENT.—Clause 2(l)(1) of rule XI of the Rules of the House of Representatives is amended—

(1) by striking out "(except as provided in subdivision (C))" in subparagraph (A) thereof; and

(2) by repealing subparagraph (C) thereof.

(f) TECHNICAL AMENDMENT.—Clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives is amended by inserting "(1)" after "section 308(a)", and by striking out "new budget authority or new or increased tax expenditures" and inserting in lieu thereof "new budget authority (other than continuing appropriations), new spending authority described in section 401(c)(2) of such Act, new credit authority, or an increase or decrease in revenues or tax expenditures".

(g) TECHNICAL AMENDMENT.—Rule XLIX of the Rules of the House of Representatives is amended by striking out ", 304, or 310" in clause 1 and inserting in lieu thereof "or 304".

(h) TECHNICAL AMENDMENT.—Clause 1(e)(2) of Rule X of the Rules of the House of Representatives is amended by inserting before the period at the end thereof the following: ", and any resolution pursuant to section 254(b) of the Balanced Budget and Emergency Deficit Control Act of 1985.

PART B—BUDGET SUBMITTED BY THE PRESIDENT

SEC. 241. SUBMISSION OF PRESIDENT'S BUDGET; MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED.

(a) SUBMISSION OF PRESIDENT'S BUDGET.—The first sentence of section 1105(a) of title 31, United States Code, is amended by striking out "During the first 15 days of each regular session of Congress" and inserting in lieu thereof the following: "On or before the first Monday after January 3 of each year (or on or before February 5 in 1986)".

(b) MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED.—Section 1105 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(f)(1) The budget transmitted pursuant to subsection (a) for a fiscal year shall be prepared on the basis of the best estimates then available, in such a manner as to ensure that the deficit for such fiscal year shall not exceed the maximum deficit amount for such fiscal year as determined under paragraph (7) of section 3 of the Congressional Budget and Impoundment Control Act of 1974.

"(2) The deficit set forth in the budget so transmitted for any fiscal year shall not exceed the maximum deficit amount for such fiscal year as determined under paragraph (7) of section 3 of the Congressional Budget and Impoundment Control Act of 1974, with budget outlays and Federal revenues at such levels as the President may consider most desirable and feasible.

"(3) Paragraphs (1) and (2) shall not apply if a declaration of war by the Congress is in effect.".

SEC. 242. SUPPLEMENTAL BUDGET ESTIMATES AND CHANGES.

(a) CHANGE IN DATE OF SUBMISSION.—The first sentence of section 1106(b) of title 31, United States Code, is amended by striking out "April 11 and".

(b) REVISIONS AND SUPPLEMENTAL SUMMARIES.—Section 1106 of title 31 of such Code is further amended by adding at the end thereof the following new subsection:

"(c) Subsection (f) of section 1105 shall apply to revisions and supplemental summaries submitted under this section to the same extent that such subsection applies to the budget submitted under section 1105(a) to which such revisions and summaries relate.".

PART C—EMERGENCY POWERS TO ELIMINATE DEFICITS IN EXCESS OF MAXIMUM DEFICIT AMOUNT

SEC. 251. REPORTING OF EXCESS DEFICITS.

(a) INITIAL ESTIMATES, DETERMINATIONS, AND REPORT BY OMB AND CBO.—

(1) ESTIMATES AND DETERMINATIONS.—The Director of the Office of Management and Budget and the Director of the Congressional Budget Office (in this part referred to as the "Directors") shall with respect to each fiscal year—

(A) estimate the budget base levels of total revenues and budget outlays that may be anticipated for such fiscal year as of August 15 of the calendar year in which such fiscal year begins (or as of January 10, 1986, in the case of the fiscal year 1986),

(B) determine whether the projected deficit for such fiscal year will exceed the maximum deficit amount for such fiscal year and whether such deficit excess will be greater than $10,000,000,000 (zero in the case of fiscal years 1986 and 1991), and

(C) estimate the rate of real economic growth that will occur during such fiscal year, the rate of real economic growth that will occur during each quarter of such fiscal year, and the rate of real economic growth that will have

occurred during each of the last two quarters of the preceding fiscal year.

(2) REPORT.—The Directors jointly shall report to the Comptroller General on August 20 of the calendar year in which such fiscal year begins (or on January 15, 1986, in the case of the fiscal year 1986), estimating the budget base levels of total revenues and total budget outlays for such fiscal year, identifying the amount of any deficit excess for such fiscal year, stating whether such excess is greater than $10,000,000,000 (zero in the case of fiscal years 1986 and 1991), specifying the estimated rate of real economic growth for such fiscal year, for each quarter of such fiscal year, and for each of the last two quarters of the preceding fiscal year, indicating whether the estimate includes two or more consecutive quarters of negative real economic growth, and specifying (if the excess is greater than $10,000,000,000, or zero in the case of fiscal years 1986 and 1991), by account, for non-defense programs, and by account and programs, projects, and activities within each account, for defense programs, the base from which reductions are taken and the amounts and percentages by which such accounts must be reduced during such fiscal year, in accordance with the succeeding provisions of this part, in order to eliminate such excess.

(3) DETERMINATION OF REDUCTIONS.—The amounts and percentages by which such accounts must be reduced during a fiscal year shall be determined as follows:

(A)(i) If the deficit excess for the fiscal year is greater than $10,000,000,000 (zero in the case of fiscal years 1986 and 1991), such deficit excess shall be divided into halves.

(ii) In the case of fiscal year 1986, the amount of such excess—

(I) shall be multiplied by seven-twelfths before being divided into halves in accordance with clause (i), and

(II) shall not exceed $11,700,000,000.

(B) Subject to the exemptions, exceptions, limitations, special rules, and definitions set forth in this section and in sections 255, 256, and 257, the reductions necessary to eliminate one-half of the deficit excess for the fiscal year (as adjusted under subparagraph (A)(ii) in the case of fiscal year 1986) shall be made in outlays under accounts within major functional category 050 (in this part referred to as outlays under "defense programs"), and the reductions necessary to eliminate the other half of the deficit excess (or the adjusted deficit excess, in the case of fiscal year 1986) shall be made in outlays under other accounts of the Federal Government (in this part referred to as outlays under "non-defense programs").

(C)(i) The total amount by which outlays for automatic spending increases scheduled to take effect during the fiscal year are to be reduced shall be determined in accordance with clause (ii) of this subparagraph.

(ii) Each such automatic spending increase shall be reduced—

(I) to zero (a uniform percentage reduction of 100 percent), or

(II) by a uniform percentage reduction of less than 100 percent calculated in a manner to reduce total outlays for the fiscal year by one-half of the deficit excess (or the adjusted deficit excess, in the case of fiscal year 1986), if the elimination of all such increases would reduce total outlays for the fiscal year by more than one-half of the deficit excess (or the adjusted deficit excess, in the case of fiscal year 1986) for the fiscal year.

(D) The total amount of the outlay reductions determined under subparagraph (C) shall be divided into two amounts:

(i) an amount equal to the outlay reductions attributable to programs specified in subparagraph (A) of section 257(1); and

(ii) an amount equal to the outlay reductions attributable to programs specified in subparagraph (B) of section 257(1).

(E)(i) For purposes of subparagraph (B), one-half of the amount of the reductions determined under clause (i) of subparagraph (D) shall be credited as reductions in outlays under defense programs, and the total amount of reductions in outlays under defense programs required under subparagraph (B) shall be reduced accordingly.

(ii) Sequestration of new budget authority and unobligated balances to achieve the remaining reductions in outlays under defense programs required under subparagraph (B) shall be determined as provided in subsection (d).

(F)(i) For purposes of subparagraph (B)—

(I) one-half of the amount of the reductions determined under clause (i) of subparagraph (D), and

(II) the amount of the reductions determined under clause (ii) of subparagraph (D),

shall be credited as reductions in outlays under non-defense programs, and the total amount of reductions in outlays under non-defense programs required under subparagraph (B) shall be reduced accordingly.

(ii) The maximum reduction permissible for each program to which an exception, limitation, or special rule set forth in subsection (c) or (f) of section 256 applies shall be determined, and the total amount of reductions in outlays under non-defense programs required under subparagraph (B) shall be reduced by the amount of the reduction determined with respect to each such program.

(iii)(I) Except as provided in subclause (II), the maximum reduction permissible for each of the programs to which the special rules set forth in sections 256(d) and 256(k) apply shall be determined, and the total amount of outlays under non-defense programs required under subparagraph (B) shall be reduced by the amount of the maximum reductions so determined.

(II) If the maximum reduction determined in accordance with subclause (I) with respect to the programs to which that subclause relates would reduce outlays for such programs by an amount in excess of the remaining amount of

the reduction in outlays in non-defense programs required under subparagraph (B), outlays for such programs shall instead be reduced proportionately by such lesser percentage as will achieve such remaining required reductions.

(iv)(I) Sequestrations and reductions under the remaining non-defense programs shall be applied on a uniform percentage basis so as to reduce new budget authority, new loan guarantee commitments, new direct loan obligations, obligation limitations, and spending authority as defined in section 401(c)(2) of the Congressional Budget Act of 1974 to the extent necessary to achieve any remaining required outlay reductions.

(II) For purposes of determining reductions under subclause (I), any reduction in outlays of the Commodity Credit Corporation under an order issued by the President under section 252 for a fiscal year, with respect to contracts entered into during that fiscal year, that will occur during the succeeding fiscal year, shall be credited as reductions in outlays for the fiscal year in which the order is issued.

The determination of which accounts are within major functional category 050 and which are not, for purposes of subparagraph (B), shall be made by the Directors in a manner consistent with the budget submitted by the President for the fiscal year 1986; except that for such purposes no part of the accounts entitled "Federal Emergency Management Agency, Salaries and expenses (58-0100-0-1-999)" and "Federal Emergency Management Agency, Emergency management planning and assistance (58-0101-01-999)" shall be treated as being within functional category 050.

(4) ADDITIONAL SPECIFICATIONS.—The report submitted under paragraph (2) must also specify (with respect to the fiscal year involved)—

(A) the amount of the automatic spending increase (if any) which is scheduled to take effect in the case of each program providing for such increases, the amount and percentage by which such increase is to be reduced, the amount by which the deficit excess (as adjusted under paragraph (3)(A)(ii), in the case of fiscal year 1986) will be reduced as a result of the elimination or reduction of automatic spending increases (stated separately for increases under programs listed in subparagraph (A) of section 257(1) and increases under programs listed in subparagraph (B) of that section), and the amount (if any) of each such increase, stated in terms of percentage points, which will take effect after reduction under this part;

(B) the amount of the savings (if any) to be achieved in the application of each of the special rules set forth in subsections (c) through (l) of section 256, along with a statement of (i) the new Federal matching rate resulting from the application of subsection (e) of that section, and (ii) the amount of the percentage reduction in payments to the States under section 204 of the Federal-State Extended Unemployment Compensation Act of 1970; and

(C)(i) for defense programs, by account and by program, project, and activity within each account, the reduction (stated in terms of both percentage and amount) in new budget authority and unobligated balances, together with the estimated outlay reductions resulting therefrom; and

(ii) for non-defense programs, by account, the reduction, stated in terms of both percentage and amount, in new budget authority, new loan guarantee commitments, new direct loan obligations, obligation limitations, and spending authority as defined in section 401(c)(2) of the Congressional Budget Act of 1974, together with the estimated outlay reductions resulting therefrom.

(5) BASIS FOR DIRECTORS' ESTIMATES, DETERMINATIONS, AND SPECIFICATIONS.—The estimates, determinations, and specifications of the Directors under the preceding provisions of this subsection and under subsection (c)(1) shall utilize the budget base, criteria, and guidelines set forth in paragraph (6) and in sections 255, 256, and 257. In the event that the Directors are unable to agree on any items required to be set forth in the report, they shall average their differences to the extent necessary to produce a single, consistent set of data that achieves the required deficit reduction. The report of the Directors shall also indicate the amount initially proposed for each averaged item by each Director.

(6) BUDGET BASE.—In computing the amounts and percentages by which accounts must be reduced during a fiscal year as set forth in any report required under this subsection for such fiscal year, the budget base shall be determined by—

(A) assuming (subject to subparagraph (C)) the continuation of current law in the case of revenues and spending authority as defined in section 401(c)(2) of the Congressional Budget Act of 1974;

(B) assuming, in the case of all accounts to which subparagraph (A) does not apply, appropriations equal to the prior year's appropriations except to the extent that annual appropriations or continuing appropriations for the entire fiscal year have been enacted;

(C) assuming that expiring provisions of law providing revenues and spending authority as defined in section 401(c)(2) of the Congressional Budget Act of 1974 do expire, except that excise taxes dedicated to a trust fund and agricultural price support programs administered through the Commodity Credit Corporation are extended at current rates; and

(D) assuming (i) that Federal pay adjustments for statutory pay systems (I) will be as recommended by the President, but (II) will in no case result in a reduction in the levels of pay in effect immediately before such adjustments; and (ii) that medicare spending levels for inpatient hospital services will be based upon the regulations most recently issued in final form or proposed by the Health Care Financing Administration pursuant to sections 1886(b)(3)(B), 1886(d)(3)(A), and 1886(e)(4) of the Social Security Act.

Deferrals proposed under section 1013 of the Impoundment Control Act of 1974 during the period beginning October 1 of such fiscal year (or the date of the enactment of this joint resolution in the case of fiscal year 1986) and ending with the date on which the final order is issued under section 252(b) for such fiscal year (or February 1, 1986, in the case of fiscal year 1986) shall not be taken into account in determining such budget base.

(b) REPORT TO PRESIDENT AND CONGRESS BY COMPTROLLER GENERAL.—

(1) REPORT TO BE BASED ON OMB-CBO REPORT.—The Comptroller General shall review and consider the report issued by the Directors for the fiscal year and, with due regard for the data, assumptions, and methodologies used in reaching the conclusions set forth therein, shall issue a report to the President and the Congress on August 25 of the calendar year in which such fiscal year begins (or on January 20, 1986, in the case of the fiscal year 1986), estimating the budget base levels of total revenues and total budget outlays for such fiscal year, identifying the amount of any deficit excess for such fiscal year (adjusted in accordance with subsection (a)(3)(A)(ii), in the case of fiscal year 1986), stating whether such deficit excess (or adjusted deficit excess, in the case of fiscal year 1986) will be greater than $10,000,000,000 (zero in the case of fiscal years 1986 and 1991), specifying the estimated rate of real economic growth for such fiscal year, for each quarter of such fiscal year, and for each of the last two quarters of the preceding fiscal year, indicating whether the estimate includes two or more consecutive quarters of negative economic growth, and specifying (if the excess is greater than $10,000,000,000, or zero in the case of fiscal years 1986 and 1991), by account, for non-defense programs, and by account and programs, projects, and activities within each account, for defense programs, the base from which reductions are taken and the amounts and percentages by which such accounts must be reduced during such fiscal year in order to eliminate such deficit excess (or adjusted deficit excess, in the case of fiscal year 1986). Such report shall be based on the estimates, determinations, and specifications of the Directors and shall utilize the budget base, criteria, and guidelines set forth in subsection (a)(6) and in sections 255, 256, and 257.

(2) CONTENTS OF REPORT.—The report of the Comptroller General under this subsection shall—

(A) provide for the determination of reductions in the manner specified in subsection (a)(3); and

(B) contain estimates, determinations, and specifications for all of the items contained in the report submitted by the Directors under subsection (a).

Such report shall explain fully any differences between the contents of such report and the report of the Directors.

(c) REVISED ESTIMATES, DETERMINATIONS, AND REPORTS.—

(1) REPORT BY OMB AND CBO.—On October 5 of the fiscal year (except in the case of the fiscal year 1986), the Directors shall submit to the Comptroller General a revised report—

(A) indicating whether and to what extent, as a result of laws enacted and regulations promulgated after the submission of their initial report under subsection (a), the excess deficit (adjusted in accordance with subsection (a)(3)(A)(ii), in the case of fiscal year 1986) identified in the report submitted under such subsection has been eliminated, reduced, or increased, and

(B) adjusting the determinations made under subsection (a) to the extent necessary.

The revised report submitted under this paragraph shall contain estimates, determinations, and specifications for all of the items contained in the initial report and authorized under subsection (d)(3)(D)(i) and shall be based on the same economic and technical assumptions, employ the same methodologies, and utilize the same definition of the budget base and the same criteria and guidelines as those used in the report submitted by the Directors under subsection (a) (except that subdivision (II) of paragraph (6)(D)(i) of such subsection shall not apply), and shall provide for the determination of reductions in the manner specified in subsection (a)(3).

(2) REPORT BY COMPTROLLER GENERAL.—

(A) On October 10 of the fiscal year (except in the case of the fiscal year 1986), the Comptroller General shall submit to the President and the Congress a report revising the report submitted by the Comptroller General under subsection (b), adjusting the estimates, determinations, and specifications contained in that report to the extent necessary in the light of the revised report submitted to him by the Directors under paragraph (1) of this subsection.

(B) The revised report of the Comptroller General under this paragraph shall provide for the determination of reductions as specified in subsection (a)(3) and shall contain all of the estimates, determinations, and specifications required (in the case of the report submitted under subsection (b)) pursuant to subsection (b)(2)(B).

(d) SEQUESTRATION OF DEFENSE PROGRAMS.—

(1) DETERMINATION OF UNIFORM PERCENTAGE.—The total amount of reductions in outlays under defense programs required for a fiscal year under subsection (a)(3)(B) after the reduction under subsection (a)(3)(E)(i) shall be calculated as a percentage of the total amount of outlays for the fiscal year estimated to result from new budget authority and unobligated balances for defense programs.

(2) SEQUESTRATION OF NEW BUDGET AUTHORITY AND UNOBLIGATED BALANCES.—

(A) Sequestration to achieve the remaining reduction in outlays under defense programs shall be made by reducing new budget authority and unobligated balances (if any) in each program, project, or activity under accounts within defense programs by the percentage determined under paragraph (1), computed on the basis of the combined outlay rate for new budget authority and unobligated balances for such program, project, or activity determined under subparagraph (B).

(B)(i) The combined outlay rate for new budget authority and unobligated balances for a program, project, or activity shall be determined by the Directors from data then available to them as supplemented by additional data from the heads of the appropriate departments or agencies of the executive branch. If the outlay rate for unobligated balances is not available for any program, project, or activity, the outlay rate used shall be the outlay rate for new budget authority.

(ii) The weighted average (by budget authority) for the combined outlay rates so determined for all the programs, projects, and activities within an account shall be compared to the historical outlay rates for that account previously estimated by the Directors. If the Directors determine that it is necessary to make the combined outlay rate for a program, project, or activity as determined under the first sentence of this subparagraph consistent with the historical rates for such account, they may adjust the outlay rate for such program, project, or activity.

(C) For purposes of this paragraph:

(i) The term "outlay rate", with respect to any program, project, or activity, means—

(I) the ratio of outlays resulting in the fiscal year involved from new budget authority for such program, project, or activity to such new budget authority; or

(II) the ratio of outlays resulting in the fiscal year involved from unobligated balances for such program, project, or activity to such unobligated balances.

(ii) The term "combined outlay rate", with respect to any program, project, or activity, means the weighted average (by budget authority) of the ratios determined under subclauses (I) and (II) of clause (i) for such program, project, or activity.

(3) SEQUESTRATION FROM NATIONAL DEFENSE ACCOUNTS THROUGH TERMINATION OR MODIFICATION OF EXISTING CONTRACTS.—

(A)(i) Subject to the provisions of this paragraph, the President, with respect to any fiscal year, may provide for—

(I) the termination or modification of an existing contract within any program, project, or activity within a account within major functional category 050; and

(II) the crediting, to the amount of new budget authority and unobligated balances otherwise required to be reduced from such program, project, or activity, of the net reduction achieved for the appropriate fiscal year by such termination or modification, based upon the combined outlay rate for such program, project, or activity determined under paragraph (2)(B).

(ii) The remaining required outlay reductions in such program, project, or activity shall be achieved by sequestering new budget authority and unobligated balances based upon

the combined outlay rate for such program, project, or activity determined under paragraph (2)(B).

(B) Not later than September 5 of the calendar year in which the fiscal year begins (January 15 in the case of fiscal year 1986), the President shall transmit to the Comptroller General and the Committees on Armed Services and on Appropriations of the Senate and House of Representatives and make available to the Directors a report concerning the contracts proposed to be terminated or modified under this paragraph for such fiscal year. The report shall—

(i) identify the contracts proposed to be terminated or modified and the proposed date of termination or modification of each such contract;

(ii) identify the anticipated outlay savings for the fiscal year involved and the anticipated reduction in obligated balances with respect to each such proposed termination or modification, together with an explanation of the relationship between the obligated balances that could be cancelled and the estimated outlay savings resulting therefrom;

(iii) provide documentation of the anticipated savings in outlays and obligated balances; and

(iv) provide a complete rationale for the effect of each proposed termination or modification on the contract concerned and on the program, project, or activity involved.

(C) Not later than September 30 of the calendar year in which the fiscal year begins (February 15 in the case of fiscal year 1986), the Comptroller General shall certify to the President and the Congress, with respect to each contract which is proposed to be terminated or modified—

(i) whether the Comptroller General is able to verify that the estimated outlay savings for the fiscal year involved are achievable and would be achieved in that year; and

(ii) whether the ratio between the projected outlay savings and the anticipated reduction in obligated balances is reasonable.

(D)(i) In the case of a fiscal year other than fiscal year 1986, each proposed contract termination or modification described in subparagraph (A) with respect to which the certification by the Comptroller General under subparagraph (C) is affirmative (with respect to both clause (i) and clause (ii) of such subparagraph) shall be included in the report of the Directors under subsection (c)(1). The report shall include the information about each such contract described in subparagraph (B)(ii).

(ii) In the case of fiscal year 1986, each proposed contract termination or modification described in subparagraph (A) with respect to which the certification by the Comptroller General under subparagraph (C) is affirmative (with respect to both clause (i) and (ii) of such subparagraph) shall be included in the modification authorized by section

252(a)(6)(D)(iii) in the order issued by the President under section 252(a)(1) with respect to fiscal year 1986.

(iii) The authority of the President described in subparagraph (A) is not effective in the case of any proposed contract termination or modification with respect to which the certification by the Comptroller General under subparagraph (C) is not affirmative (with respect to both clause (i) and clause (ii) of such subparagraph).

(E) For any contract termination or modification proposed pursuant to this paragraph, the President shall certify to Congress, within thirty days after the effective date of the contract termination or modification, that the amounts proposed for deobligation under such contract have in fact been deobligated and cancelled.

(e) DATES FOR SUBMISSION OF REPORTS AND ISSUANCE OF ORDERS.—If the date specified for the submission of a report by the Directors or the Comptroller General under this section or for the issuance of an order by the President under section 252 falls on a Sunday or legal holiday, such report shall be submitted or such order issued on the following day.

(f) PRINTING OF REPORTS.—Each report submitted under this section shall be printed in the Federal Register on the date it is issued; and the reports of the Comptroller General submitted to the Congress under subsections (b) and (c)(2) shall be printed as documents of the House of Representatives and the Senate.

(g) EXCEPTION.—The preceding provisions of this section shall not apply if a declaration of war by the Congress is in effect.

SEC. 252. PRESIDENTIAL ORDER.

(a) ISSUANCE OF INITIAL ORDER.—

(1) IN GENERAL.—On September 1 following the submission of a report by the Comptroller General under section 251(b) which identifies an amount greater than $10,000,000,000 (zero in the case of fiscal years 1986 and 1991) by which the deficit for a fiscal year will exceed the maximum deficit amount for such fiscal year (or on February 1, 1986, in the case of the fiscal year 1986), the President, in strict accordance with the requirements of paragraph (3) and section 251(a) (3) and (4) and subject to the exemptions, exceptions, limitations, special rules, and definitions set forth in sections 255, 256, and 257, shall eliminate the full amount of the deficit excess (as adjusted by the Comptroller General in such report in accordance with section 25. (a)(3)(A)(ii), in the case of fiscal year 1986) by issuing an order that (notwithstanding the Impoundment Control Act of 1974)—

(A) modifies or suspends the operation of each provision of Federal law that would (but for such order) require an automatic spending increase to take effect during such fiscal year, in such a manner as to prevent such increase from taking effect, or reduce such increase, in accordance with such report; and

(B) eliminates the remainder of such deficit excess (or adjusted deficit excess, in the case of fiscal year 1986) by sequestering new budget authority, unobligated balances, new

loan guarantee commitments, new direct loan obligations, and spending authority as defined in section 401(c)(2) of the Congressional Budget Act of 1974, and reducing obligation limitations, in accordance with such report—

(i) for funds provided in annual appropriation Acts, from each affected program, project, and activity (as set forth in the most recently enacted applicable appropriation Acts and accompanying committee reports for the program, project, or activity involved, including joint resolutions providing continuing appropriations and committee reports accompanying Acts referred to in such resolutions), applying the same reduction percentage as the percentage by which the account involved is reduced in the report submitted under section 251(b), or from each affected budget account if the program, project, or activity is not so set forth, and

(ii) for funds not provided in annual appropriation Acts, from each budget account activity as identified in the program and financing schedules contained in the appendix to the Budget of the United States Government for that fiscal year, applying the same reduction percentage as the percentage by which the account is reduced in such report.

(2) SPECIAL SEQUESTRATION PROCEDURES FOR NATIONAL DEFENSE FOR FISCAL YEAR 1986.—

(A) IN GENERAL.—Notwithstanding subparagraph (B)(i) of paragraph (1), the order issued by the President under paragraph (1) with respect to fiscal year 1986 shall sequester, from each program, project, or activity within an account within major functional category 050, such amounts of new budget authority and unobligated balances as are specified (in accordance with section 251(a)(3)(E)(ii)) in the report submitted by the Comptroller General under section 251(b).

(B) FLEXIBILITY WITH RESPECT TO MILITARY PERSONNEL ACCOUNTS.—

(i) Notwithstanding subparagraph (B)(i) of paragraph (1), the order issued by the President under paragraph (1) with respect to fiscal year 1986 may, with respect to any military personnel account—

(I) exempt any program, project, or activity within such account from the order;

(II) provide for a lower uniform percentage to be applied to reduce any program, project, or activity within such account than would otherwise apply; or

(III) take actions described in both subclauses (I) and (II).

(ii) If the President uses the authority under clause (i), the total amount by which outlays are not reduced for fiscal year 1986 in military personnel accounts by reason of the use of such authority shall be determined. Reductions in outlays under defense programs in such total amount shall be achieved by a uniform percentage sequestration of new budget authority and

unobligated balances in each program, project, and activity within each account within major functional category 050 other than those military personnel accounts for which the authority provided under clause (i) has been exercised, computed on the basis of the outlay rate for each such program, project, and activity determined under section 251(d).

(iii) The President may not use the authority provided by clause (i) unless he notifies the Comptroller General and the Congress on or before January 10, 1986, of the manner in which such authority will be exercised.

(C) FLEXIBILITY AMONG PROGRAMS, PROJECTS, AND ACTIVITIES WITHIN ACCOUNTS.—

(i) New budget authority and unobligated balances for any program, project, or activity within an account within major functional category 050 may be reduced under an order issued by the President under paragraph (1) for fiscal year 1986, subject to clauses (ii) and (iii) of this subparagraph, by up to two times the percentage otherwise applicable to the program, project, or activity (determined after any reduction under subparagraph (B)). To the extent such reductions are made under such an order, the President may provide in the order for an increase in new budget authority and unobligated balances for another program, project, or activity within the same account within major functional category 050 for fiscal year 1986, but such program, project, or activity may not be increased above the level in the base set forth in such order.

(ii) No order issued by the President under paragraph (1) for fiscal year 1986 may result in a base closure or realignment that would otherwise be subject to section 2687 of title 10, United States Code.

(iii) New budget authority and unobligated balances for any program, project, or activity within major functional category 050 for fiscal year 1986 which is 10 percent (or more) greater than the amount requested in the budget submitted by the President under section 1105 of title 31, United States Code, for fiscal year 1986 may not be reduced by more than the percentage applicable to the program, project, or activity (determined after any reduction under subparagraph (B)).

(3) ORDER TO BE BASED ON COMPTROLLER GENERAL'S REPORT.—The order must provide for reductions in the manner specified in section 251(a)(3), must incorporate the provisions of the report submitted under section 251(b), and must be consistent with such report in all respects. The President may not modify or recalculate any of the estimates, determinations, specifications, bases, amounts, or percentages set forth in the report submitted under section 251(b) in determining the reductions to be specified in the order with respect to programs, projects, and activities, or with respect to budget activities, within an account, with the exception of the authority granted to the Presi-

dent for fiscal year 1986 with respect to defense programs pursuant to paragraph (2)(C).

(4) EFFECT OF SEQUESTRATION UNDER INITIAL ORDER.—Notwithstanding section 257(7), amounts sequestered under an order issued by the President under paragraph (1) for fiscal year 1987 or any subsequent fiscal year shall be withheld from obligation pending the issuance of a final order under subsection (b) and shall be permanently cancelled in accordance with such final order upon the issuance of such order.

(5) ACCOMPANYING MESSAGE.—At the time the actions described in the preceding provisions of this subsection with respect to any fiscal year are taken, the President shall transmit to both Houses of the Congress a message containing all the information required by section 251(a)(4) and further specifying in strict accordance with paragraph (3)—

(A) within each account, for each program, project, and activity, or budget account activity, the base from which each sequestration or reduction is taken and the amounts which are to be sequestered or reduced for each such program, project, and activity or budget account activity; and

(B) such other supporting details as the President may determine to be appropriate.

Upon receipt in the Senate and the House of Representatives, the message (and any accompanying proposals made under subsection (c)) shall be referred to all committees with jurisdiction over programs, projects, and activities affected by the order.

(6) EFFECTIVE DATE OF INITIAL ORDER.—

(A) FISCAL YEAR 1986.—The order issued by the President under paragraph (1) with respect to the fiscal year 1986 shall be effective as of March 1, 1986.

(B) FISCAL YEARS 1987–1991.—The order issued by the President under paragraph (1) with respect to the fiscal year 1987 or any subsequent fiscal year shall be effective as of October 1 of such fiscal year (and the President shall withhold from obligation as provided in paragraph (4), pending the issuance of his final order under subsection (b), any amounts that are to be sequestered or reduced under such order).

(C) TREATMENT OF AUTOMATIC SPENDING INCREASES.—

(i) FISCAL YEAR 1986.—Notwithstanding any other provision of law, any automatic spending increase that would (but for this clause) be first paid during the period beginning with the date of the enactment of this joint resolution and ending with the effective date of an order issued by the President under paragraph (1) for the fiscal year 1986 shall be suspended until such order becomes effective, and the amounts that would otherwise be expended during such period with respect to such increases shall be withheld. If such order provides that automatic spending increases shall be reduced to zero during such fiscal year, the increases suspended pursuant to the preceding sentence and any legal rights thereto shall be permanently cancelled. If such order provides for the payment of automatic

spending increases during such fiscal year in amounts that are less than would have been paid but for such order, or provides for the payment of the full amount of such increases, the increases suspended pursuant to such sentence shall be restored to the extent necessary to pay such reduced or full increases, and lump-sum payments in the amounts necessary to pay such reduced or full increases shall be made, for the period for which such increases were suspended pursuant to this clause.

(ii) FISCAL YEARS 1987–1991.—Notwithstanding any other provision of law, any automatic spending increase that would (but for this clause) be first paid during the period beginning with the first day of such fiscal year and ending with the date on which a final order is issued pursuant to subsection (b) shall be suspended until such final order becomes effective, and the amounts that would otherwise be expended during such period with respect to such increases shall be withheld. If such final order provides that automatic spending increases shall be reduced to zero during such fiscal year, the increases suspended pursuant to the preceding sentence and any legal rights thereto shall be permanently cancelled. If such final order provides for the payment of automatic spending increases during such fiscal year in amounts that are less than would have been paid but for such final order, or provides for the payment of the full amount of such increases, the increases suspended pursuant to such sentence shall be restored to the extent necessary to pay such reduced or full increases, and lump-sum payments in the amounts necessary to pay such reduced or full increases shall be made, for the period for which such increases were suspended pursuant to this clause.

(iii) PROHIBITION AGAINST RECOUPMENT.—Notwithstanding clauses (i) and (ii), if an amount required by either such clause to be withheld is paid, no recoupment shall be made against an individual to whom payment was made.

(iv) EFFECT OF LUMP-SUM PAYMENTS ON NEEDS-RELATED PROGRAMS.—Lump-sum payments made under the last sentence of clause (i) or clause (ii) shall not be considered as income or resources or otherwise taken into account in determining the eligibility of any individual for aid, assistance, or benefits under any Federal or federally-assisted program which conditions such eligibility to any extent upon the income or resources of such individual or his or her family or household, or in determining the amount or duration of such aid, assistance, or benefits.

(D) SPECIAL RULES FOR FISCAL YEAR 1986.—(i) For purposes of applying this section and section 251 with respect to the fiscal year 1986—

(I) the order issued by the President under paragraph (1) of this subsection shall be considered the final order of the President under this section; and

(II) the Committees on Appropriations of the House of Representatives and the Senate may, after consultation with each other, define the term "program, project, and activity", and report to their respective Houses, with respect to matters within their jurisdiction, and the order issued by the President shall sequester funds in accordance with such definition.

(ii) If the Comptroller General declares in the report issued under section 251(b) for fiscal year 1986 that as a result of laws enacted and regulations promulgated after the date of the enactment of this joint resolution and prior to the issuance of such report the excess deficit for the fiscal year (adjusted in accordance with section 251(a)(3)(A)(ii) has been eliminated, the order issued under this subsection for the fiscal year shall so state (and shall make available for obligation and expenditure any amounts withheld pursuant to subparagraph (C)(i) of this paragraph).

(iii) The order issued by the President under paragraph (1) with respect to fiscal year 1986 shall be modified before the effective date for such order prescribed under subparagraph (A) to include in the order the changes in budget authority and unobligated balances, and related changes in outlay reductions, authorized for such fiscal year under section 251(d)(3)(D)(ii).

(b) ISSUANCE OF FINAL ORDER.—

(1) IN GENERAL.—On October 15 of the fiscal year (except in the case of the fiscal year 1986), after the submission of the revised report submitted by the Comptroller General under section 251(c)(2), the President shall issue a final order under this section to eliminate the full amount of the deficit excess as identified by the Comptroller General in the revised report submitted under section 251(c)(2) but only to the extent and in the manner provided in such report. The order issued under this subsection—

(A) shall include the same reductions and sequestrations as the initial order issued under subsection (a), adjusted to the extent necessary to take account of any changes in relevant amounts or percentages determined by the Comptroller General in the revised report submitted under section 251(c)(2),

(B) shall make such reductions and sequestrations in strict accordance with the requirements of section 251(a)(3) and (4), and

(C) shall utilize the same criteria and guidelines as those which were used in the issuance of such initial order under subsection (a).

The provisions of subsection (a)(3) shall apply to the revised report submitted under section 251(c)(2) and to the order issued under this subsection in the same manner as such provisions

apply to the initial report issued under section 251(b) and to the order issued under subsection (a).

(2) ORDER REQUIRED IF EXCESS DEFICIT IS ELIMINATED.—If the Comptroller General issues a revised report under section 251(c)(2) stating that as a result of laws enacted and regulations promulgated after the submission of the initial report of the Comptroller General under section 251(b) the excess deficit for a fiscal year (adjusted in accordance with section 251(a)(3)(A)(ii), in the case of fiscal year 1986) has been eliminated, the order issued under this subsection shall so state and shall make available for obligation and expenditure any amounts withheld pursuant to subsection (a)(4) or (a)(6)(C).

(3) EFFECTIVE DATE OF FINAL ORDER.—

(A) Except as provided in subsection (a)(6)(A), the final order issued by the President under paragraph (1) shall become effective on the date of its issuance, and shall supersede the order issued under subsection (a)(1).

(B) Any modification or suspension by such order of the operation of a provision of law that would (but for such order) require an automatic spending increase to take effect during the fiscal year shall apply for the one-year period beginning with the date on which such automatic increase would have taken effect during such fiscal year (but for such order).

(c) PROPOSAL OF ALTERNATIVES BY THE PRESIDENT.—A message transmitted pursuant to subsection (a)(5) with respect to a fiscal year may be accompanied by a proposal setting forth in full detail alternative ways to reduce the deficit for such fiscal year to an amount not greater than the maximum deficit amount for such fiscal year.

(d) EXISTING PROGRAMS, PROJECTS, AND ACTIVITIES NOT TO BE ELIMINATED.—No action taken by the President under subsection (a) or (b) of this section shall have the effect of eliminating any program, project, or activity of the Federal Government.

(e) RELATIVE BUDGET PRIORITIES NOT TO BE ALTERED.—Nothing in the preceding provisions of this section shall be construed to give the President new authority to alter the relative priorities in the Federal budget that are established by law, and no person who is or becomes eligible for benefits under any provision of law shall be denied eligibility by reason of any order issued under this part.

SEC. 253. COMPLIANCE REPORT BY COMPTROLLER GENERAL.

On or before November 15 of each fiscal year (or on or before April 1, 1986, in the case of the fiscal year 1986), the Comptroller General shall submit to the Congress and the President a report on the extent to which the President's order issued under section 252(b) for such fiscal year complies with all of the requirements contained in section 252, either certifying that the order fully and accurately complies with such requirements or indicating the respects in which it does not.

SEC. 254. CONGRESSIONAL ACTION.

(a) SPECIAL PROCEDURES IN THE EVENT OF A RECESSION.—

(1) IN GENERAL.—The Director of the Congressional Budget Office shall notify the Congress at any time if—

(A) during the period consisting of the quarter during which such notification is given, the quarter preceding such notification, and the four quarters following such notification, such Office or the Office of Management and Budget has determined that real economic growth is projected or estimated to be less than zero with respect to each of any two consecutive quarters within such period, or

(B) the Department of Commerce preliminary reports of actual real economic growth (or any subsequent revision thereof) indicate that the rate of real economic growth for each of the most recent reported quarter and the immediately preceding quarter is less than one percent.

Upon such notification the Majority Leader of each House shall introduce a joint resolution (in the form set forth in paragraph (2)) declaring that the conditions specified in this paragraph are met and suspending the relevant provisions of this title for the remainder of the current fiscal year or for the following fiscal year or both.

(2) FORM OF JOINT RESOLUTION.—

(A) The matter after the resolving clause in any joint resolution introduced pursuant to paragraph (1) shall be as follows: "That the Congress declares that the conditions specified in section 254(a)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 are met; and—

"(1) the provisions of sections 3(7), 301(i), 302(f), 304(b), and 311(a) of the Congressional Budget and Impoundment Control Act of 1974, section 1106(c) of title 31, United States Code, and part C of the Balanced Budget and Emergency Deficit Control Act of 1985 are suspended for the remainder of the current fiscal year, and

"(2) the provisions of sections 3(7), 301(i), 304(b), and 311(a) (insofar as it relates to section 3(7)) of the Congressional Budget and Impoundment Control Act of 1974, sections 302(f) and 311(a) (except insofar as it relates to section 3(7)) of that Act (but only if a concurrent resolution on the budget under section 301 of that Act, for the fiscal year following the current fiscal year, has been agreed to prior to the introduction of this joint resolution), sections 1105(f) and 1106(c) of title 31, United States Code, and part C of the Balanced Budget and Emergency Deficit Control Act of 1985 are suspended for the fiscal year following the current fiscal year.

This joint resolution shall not have the effect of suspending any final order which was issued for the current fiscal year under section 252(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 if such order was issued before the date of the enactment of this joint resolution.".

(B) The title of the joint resolution shall be "Joint resolution suspending certain provisions of law pursuant to section 254(a)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985."; and the joint resolution shall not contain any preamble.

(3) COMMITTEE ACTION.—Each joint resolution introduced pursuant to paragraph (1) shall be referred to the Committee on the Budget of the House involved; and such Committee shall report the joint resolution to its House without amendment on or before the fifth day on which such House is in session after the date on which the joint resolution is introduced. If the Committee fails to report the joint resolution within the five-day period referred to in the preceding sentence, it shall be automatically discharged from further consideration of the joint resolution, and the joint resolution shall be placed on the appropriate calendar.

(4) CONSIDERATION OF JOINT RESOLUTION.—

(A) A vote on final passage of a joint resolution reported to a House of the Congress or discharged pursuant to paragraph (3) shall be taken on or before the close of the fifth calendar day of session of such House after the date on which the joint resolution is reported to such House or after the Committee has been discharged from further consideration of the joint resolution. If prior to the passage by one House of a joint resolution of that House, that House receives the same joint resolution from the other House, then—

(i) the procedure in that House shall be the same as if no such joint resolution had been received from the other House, but

(ii) the vote on final passage shall be on the joint resolution of the other House.

When the joint resolution is agreed to, the Clerk of the House of Representatives (in the case of a House joint resolution agreed to in the House of Representatives) or the Secretary of the Senate (in the case of a Senate joint resolution agreed to in the Senate) shall cause the joint resolution to be engrossed, certified, and transmitted to the other House of the Congress as soon as practicable.

(B)(i) A motion in the House of Representatives to proceed to the consideration of a joint resolution under this paragraph shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(ii) Debate in the House of Representatives on a joint resolution under this paragraph shall be limited to not more than five hours, which shall be divided equally between those favoring and those opposing the joint resolution. A motion to postpone, made in the House of Representatives with respect to the consideration of a joint resolution under this paragraph, and a motion to proceed to the consideration of other business, shall not be in order. A motion further to limit debate shall not be debatable. It shall not be in order to move to table or to recommit a joint resolution under this paragraph or to move to reconsider the vote by which the joint resolution is agreed to or disagreed to.

(iii) All appeals from the decisions of the Chair relating to the application of the Rules of the House of Representa-

tives to the procedure relating to a joint resolution under this paragraph shall be decided without debate.

(iv) Except to the extent specifically provided in the preceding provisions of this subsection or in subparagraph (D), consideration of a joint resolution under this subparagraph shall be governed by the Rules of the House of Representatives.

(C)(i) A motion in the Senate to proceed to the consideration of a joint resolution under this paragraph shall be privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(ii) Debate in the Senate on a joint resolution under this paragraph, and all debatable motions and appeals in connection therewith, shall be limited to not more than five hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(iii) Debate in the Senate on any debatable motion or appeal in connection with a joint resolution under this paragraph shall be limited to not more than one hour, to be equally divided between, and controlled by, the mover and the manager of the joint resolution, except that in the event the manager of the joint resolution is in favor of any such motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee.

(iv) A motion in the Senate to further limit debate on a joint resolution under this paragraph is not debatable. A motion to table or to recommit a joint resolution under this paragraph is not in order.

(D) No amendment to a joint resolution considered under this paragraph shall be in order in either the House of Representatives or the Senate.

(b) CONGRESSIONAL RESPONSE TO PRESIDENTIAL ORDER.—

(1) REPORTING OF RESOLUTIONS, AND RECONCILIATION BILLS AND RESOLUTIONS, IN THE SENATE.—

(A) COMMITTEE ALTERNATIVES TO PRESIDENTIAL ORDER.—Within two days after the submission of a report by the Comptroller General under section 251(c)(2), each standing committee of the Senate may submit to the Committee on the Budget of the Senate information of the type described in section 301(d) of the Congressional Budget Act of 1974 with respect to alternatives to the order envisioned by such report insofar as such order affects laws within the jurisdiction of the committee.

(B) INITIAL BUDGET COMMITTEE ACTION.—Not later than two days after issuance of a final order by the President under section 252(b) with respect to a fiscal year, the Committee on the Budget of the Senate may report to the Senate a resolution. The resolution may affirm the impact of the order issued under such section, in whole or in part. To the extent that any part of the order is not affirmed, the resolution shall state which parts are not affirmed and shall con-

tain instructions to committees of the Senate of the type referred to in section 310(a) of the Congressional Budget Act of 1974, sufficient to achieve at least the total level of deficit reduction contained in those sections which are not affirmed.

(C) RESPONSE OF COMMITTEES.—Committees instructed pursuant to subparagraph (B), or affected thereby, shall submit their responses to the Budget Committee no later than 10 days after the resolution referred to in subparagraph (B) is agreed to, except that if only one such Committee is so instructed such Committee shall, by the same date, report to the Senate a reconciliation bill or reconciliation resolution containing its recommendations in response to such instructions. A committee shall be considered to have complied with all instructions to it pursuant to a resolution adopted under subparagraph (B) if it has made recommendations with respect to matters within its jurisdiction which would result in a reduction in the deficit at least equal to the total reduction directed by such instructions.

(D) BUDGET COMMITTEE ACTION.—Upon receipt of the recommendations received in response to a resolution referred to in subparagraph (B), the Budget Committee shall report to the Senate a reconciliation bill or reconciliation resolution, or both, carrying out all such recommendations without any substantive revisions. In the event that a committee instructed in a resolution referred to in subparagraph (B) fails to submit any recommendation (or, when only one committee is instructed, fails to report a reconciliation bill or resolution) in response to such instructions, the Budget Committee shall include in the reconciliation bill or reconciliation resolution reported pursuant to this subparagraph legislative language within the jurisdiction of the noncomplying committee to achieve the amount of deficit reduction directed in such instructions.

(E) POINT OF ORDER.—It shall not be in order in the Senate to consider any reconciliation bill or reconciliation resolution reported under subparagraph (D) with respect to a fiscal year, any amendment thereto, or any conference report thereon if—

(i) the enactment of such bill or resolution as reported;

(ii) the adoption and enactment of such amendment; or

(iii) the enactment of such bill or resolution in the form recommended in such conference report,

would cause the amount of the deficit for such fiscal year to exceed the maximum deficit amount for such fiscal year, unless the report submitted under section 251(c)(1) projects negative real economic growth for such fiscal year, or for each of any two consecutive quarters during such fiscal year.

(F) TREATMENT OF CERTAIN AMENDMENTS.—In the Senate, an amendment which adds to a resolution reported under subparagraph (B) an instruction of the type referred

to in such subparagraph shall be in order during the consideration of such resolution if such amendment would be in order but for the fact that it would be held to be nongermane on the basis that the instruction constitutes new matter.

(G) DEFINITION.—For purposes of subparagraphs (A), (B), and (C), the term "day" shall mean any calendar day on which the Senate is in session.

(2) PROCEDURES.—

(A) IN GENERAL.—Except as provided in subparagraph (B), in the Senate the provisions of sections 305 and 310 of the Congressional Budget Act of 1974 for the consideration of concurrent resolutions on the budget and conference reports thereon shall also apply to the consideration of resolutions, and reconciliation bills and reconciliation resolutions reported under this paragraph and conference reports thereon.

(B) LIMIT ON DEBATE.—Debate in the Senate on any resolution reported pursuant to paragraph (1)(B), and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to 10 hours.

(C) LIMITATION ON AMENDMENTS.—Section 310(d)(2) of the Congressional Budget Act shall apply to reconciliation bills and reconciliation resolutions reported under this subsection.

(D) BILLS AND RESOLUTIONS RECEIVED FROM THE HOUSE.—Any bill or resolution received in the Senate from the House, which is a companion to a reconciliation bill or reconciliation resolution of the Senate for the purposes of this subsection, shall be considered in the Senate pursuant to the provisions of this subsection.

(E) DEFINITION.—For purposes of this subsection, the term "resolution" means a simple, joint, or concurrent resolution.

(c) CERTAIN RESOLUTIONS TREATED AS RECONCILIATION BILLS.—Resolutions described in subsection (b) of this section and bills reported as a result thereof shall be considered in the Senate to be reconciliation bills or resolutions for purposes of the Congressional Budget Act of 1974.

SEC. 255. EXEMPT PROGRAMS AND ACTIVITIES.

(a) SOCIAL SECURITY BENEFITS AND TIER I RAILROAD RETIREMENT BENEFITS.—Increases in benefits payable under the old-age, survivors, and disability insurance program established under title II of the Social Security Act, or in benefits payable under section 3(a), 3(f)(3), 4(a), or 4(f) of the Railroad Retirement Act of 1974, shall not be considered "automatic spending increases" for purposes of this title; and no reduction in any such increase or in any of the benefits involved shall be made under any order issued under this part.

(b) VETERANS PROGRAMS.—The following programs shall be exempt from reduction under any order issued under this part:

Veterans' compensation (36-0153-0-1-701); and

Veterans' pensions (36-0154-0-1-701).

(c) NET INTEREST.—No reduction of payments for net interest (all of major functional category 900) shall be made under any order issued under this part.

(d) EARNED INCOME TAX CREDIT.—Payments to individuals made pursuant to section 32 of the Internal Revenue Code of 1954 shall be exempt from reduction under any order issued under this part.

(e) OFFSETTING RECEIPTS AND COLLECTIONS.—Offsetting receipts and collections shall not be reduced under any order issued under this part.

(f) CERTAIN PROGRAM BASES.—Outlays for programs specified in paragraph (1) of section 257 shall be subject to reduction only in accordance with the procedures established in section 251(a)(3)(C) and 256(b).

(g) OTHER PROGRAMS AND ACTIVITIES.—

(1) The following budget accounts and activities shall be exempt from reduction under any order issued under this part:

Activities resulting from private donations, bequests, or voluntary contributions to the Government;

Alaska Power Administration, Operations and maintenance (89-0304-0-1-271);

Appropriations for the District of Columbia (to the extent they are appropriations of locally raised funds);

Bonneville Power Administration fund and borrowing authority established pursuant to section 13 of Public Law 93-454 (1974), as amended (89-4045-0-3-271);

Bureau of Indian Affairs miscellaneous trust funds, tribal trust funds (14-9973-0-7-999);

Claims, defense (97-0102-0-1-051);

Claims, judgments, and relief acts (20-1895-0-1-806);

Coinage profit fund (20-5811-0-2-803);

Compensation of the President (11-0001-0-1-802);

Eastern Indian land claims settlement fund (14-2202-0-1-806);

Exchange stabilization fund (20-4444-0-3-155);

Federal payment to the railroad retirement account (60-0113-0-1-601);

Foreign military sales trust fund (11-8242-0-7-155);

Health professions graduate student loan insurance fund (Health Education Assistance Loan Program) (75-4305-0-3-553);

Intragovernmental funds, including those from which the outlays are derived primarily from resources paid in from other government accounts, except to the extent such funds are augmented by direct appropriations for the fiscal year during which an order is in effect;

Payment of Vietnam and USS Pueblo prisoner-of-war claims (15-0104-0-1-153);

Payment to civil service retirement and disability fund (24-0200-0-1-805);

Payments to copyright owners (03-5175-0-2-376);

Payments to health care trust funds (75-0580-0-1-572);

Payments to military retirement fund (97-0040-0-1-054);

Payments to social security trust funds (75-0404-0-1-571);

Payments to state and local government fiscal assistance trust fund (20-2111-0-1-851);

Payments to the foreign service retirement and disability fund (11-1036-0-1-153 and 19-0540-0-1-153);

Payments to trust funds from excise taxes or other receipts properly creditable to such trust funds;

Postal service fund (18-4020-0-3-372);

Salaries of Article III judges;

Soldiers and Airmen's Home, payment of claims (84-8930-0-7-705);

Southeastern Power Administration, Operations and maintenance (89-0302-0-1-271);

Southwestern Power Administration, Operations and maintenance (89-0303-0-1-271);

Tennessee Valley Authority fund, except non-power programs and activities (64-4110-0-3-999);

Western Area Power Administration, Construction, rehabilitation, operations, and maintenance (89-5068-0-2-271); and

Western Area Power Administration, Colorado River basins power marketing fund (89-4452-0-3-271).

(2) Prior legal obligations of the Government in the following budget accounts and activities shall be exempt from any order issued under this part:

Agency for International Development, Housing, and other credit guarantee programs (72-4340-0-3-151);

Agricultural credit insurance fund (12-4140-0-3-351);

Biomass energy development (20-0114-0-1-271);

Check forgery insurance fund (20-4109-0-3-803);

Community development grant loan guarantees (86-0162-0-1-451);

Credit union share insurance fund (25-4468-0-3-371);

Economic development revolving fund (13-4406-0-3-452);

Employees life insurance fund (24-8424-0-8-602);

Energy security reserve (Synthetic Fuels Corporation) (20-0112-0-1-271);

Export-Import Bank of the United States, Limitation of program activity (83-4027-0-3-155);

Federal Aviation Administration, Aviation insurance revolving fund (69-4120-0-3-402);

Federal Crop Insurance Corporation fund (12-4085-0-3-351);

Federal Deposit Insurance Corporation (51-8419-0-8-371);

Federal Emergency Management Agency, National flood insurance fund (58-4236-0-3-453);

Federal Emergency Management Agency, National insurance development fund (58-4235-0-3-451);

Federal Housing Administration fund (86-4070-0-3-371);

Federal Savings and Loan Insurance Corporation fund (82-4037-0-3-371);

Federal ship financing fund (69-4301-0-3-403);

Federal ship financing fund, fishing vessels (13-4417-0-3-376);

Geothermal resources development fund (89-0206-0-1-271);

Government National Mortgage Association, Guarantees of mortgage-backed securities (86-4238-0-3-371);

Health education loans (75-4307-0-3-553);

Homeowners assistance fund, Defense (97-4090-0-3-051);

Indian loan guarantee and insurance fund (14-4410-0-3-452);

International Trade Administration, Operations and administration (13-1250-0-1-376);

Low-rent public housing, Loans and other expenses (86-4098-0-3-604);

Maritime Administration, War-risk insurance revolving fund (69-4302-0-3-403);

Overseas Private Investment Corporation (71-4030-0-3-151);

Pension Benefit Guaranty Corporation fund (16-4204-0-3-601);

Rail service assistance (69-0122-0-1-401);

Railroad rehabilitation and improvement financing fund (69-4411-0-3-401);

Rural development insurance fund (12-4155-0-3-452);

Rural electric and telephone revolving fund (12-4230-8-3-271);

Rural housing insurance fund (12-4141-0-3-371);

Small Business Administration, Business loan and investment fund (73-4154-0-3-376);

Small Business Administration, Lease guarantees revolving fund (73-4157-0-3-376);

Small Business Administration, Pollution control equipment contract guarantee revolving fund (73-4147-0-3-376);

Small Business Administration, Surety bond guarantees revolving fund (73-4156-0-3-376);

Veterans Administration, Loan guaranty revolving fund (36-4025-0-3-704);

Veterans Administration, National service life insurance fund (36-8132-0-7-701);

Veterans Administration, Service-disabled veterans insurance fund (36-4012-0-3-701);

Veterans Administration, Servicemen's group life insurance fund (36-4009-0-3-701);

Veterans Administration, United States Government life insurance fund (36-8150-0-7-701);

Veterans Administration, Veterans insurance and indemnities (36-0120-0-1-701);

Veterans Administration, Veterans reopened insurance fund (36-4010-0-3-701); and

Veterans Administration, Veterans special life insurance fund (36-8455-0-8-701).

(h) LOW-INCOME PROGRAMS.—The following programs shall be exempt from reduction under any order issued under this part:

Aid to families with dependent children (75-0412-0-1-609);

Child nutrition (12-3539-0-1-605);

Food stamp programs (12-3505-0-1-605 and 12-3550-0-1-605);

Grants to States for Medicaid (75-0512-0-1-551);

Supplemental Security Income Program (75-0406-0-1-609); and

Women, infants, and children program (12-3510-0-1-605).

(i) IDENTIFICATION OF PROGRAMS.—For purposes of subsections (g) and (h), programs are identified by the designated budget account identification code numbers set forth in the Budget of the United States Government, 1986—Appendix.

SEC. 256. EXCEPTIONS, LIMITATIONS, AND SPECIAL RULES.

(a) EFFECT OF REDUCTIONS AND SEQUESTRATIONS.—

(1) REDUCTIONS IN AUTOMATIC SPENDING INCREASES.—Notwithstanding any other provision of law, any change in the Consumer Price Index or any other index measuring costs, prices, or wages (or in any component of any such index), under a program listed in section 257(l), that is not taken into account for purposes of determining the amount of an automatic spending increase (if any) under such program for a fiscal year for which an order is issued under section 252 shall not be taken into account for purposes of determining any automatic spending increase during any fiscal year thereafter.

(2) SEQUESTRATIONS.—Any amount of new budget authority, unobligated balances, obligated balances, new loan guarantee commitments, new direct loan obligations, spending authority (as defined in section 401(c)(2) of the Congressional Budget Act of 1974), or obligation limitations which is sequestered or reduced pursuant to an order issued under section 252 is permanently cancelled, with the exception of amounts sequestered in special or trust funds, which shall remain in such funds and be available in accordance with and to the extent permitted by law, including the provisions of this Act.

(b) TREATMENT OF FEDERAL ADMINISTRATIVE EXPENSES.—

(1) Notwithstanding any other provision of this title, administrative expenses incurred by the departments and agencies, including independent agencies, of the Federal Government in connection with any program, project, activity, or account shall be subject to reduction pursuant to an order issued under section 252, without regard to any exemption, exception, limitation, or special rule which is otherwise applicable with respect to such program, project, activity, or account under this part.

(2) Notwithstanding any other provision of law, administrative expenses of any program, project, activity, or account which is self-supporting and does not receive appropriations shall be subject to reduction under a sequester order, unless specifically exempted in this joint resolution.

(3) Payments made by the Federal Government to reimburse or match administrative costs incurred by a State or political subdivision under or in connection with any program, project, activity, or account shall not be considered administrative expenses of the Federal Government for purposes of this section, and shall be subject to reduction or sequestration under this part to the extent (and only to the extent) that other payments

made by the Federal Government under or in connection with that program, project, activity, or account are subject to such reduction or sequestration; except that Federal payments made to a State as reimbursement of administrative costs incurred by such State under or in connection with the unemployment compensation programs specified in subsection (h)(1) shall be subject to reduction or sequestration under this part notwithstanding the exemption otherwise granted to such programs under that subsection.

(c) EFFECT OF ORDERS ON THE GUARANTEED STUDENT LOAN PROGRAM.—(1) Any reductions which are required to be achieved from the student loan programs operated pursuant to part B of title IV of the Higher Education Act of 1965, as a consequence of an order issued pursuant to section 252, shall be achieved only from loans described in paragraphs (2) and (3) by the application of the measures described in such paragraphs.

(2) For any loan made during the period beginning on the date that an order issued under section 252 takes effect with respect to a fiscal year and ending at the close of such fiscal year, the rate used in computing the special allowance payment pursuant to section 438(b)(2)(A)(iii) of such Act for each of the first four special allowance payments for such loan shall be adjusted by reducing such rate by the lesser of—

(A) 0.40 percent, or

(B) the percentage by which the rate specified in such section exceeds 3 percent.

(3) For any loan made during the period beginning on the date that an order issued under section 252 takes effect with respect to a fiscal year and ending at the close of such fiscal year, the origination fee which is authorized to be collected pursuant to section 438(c)(2) of such Act shall be increased by 0.50 percent.

(d) SPECIAL RULES FOR MEDICARE PROGRAM.—

(1) MAXIMUM PERCENTAGE REDUCTION IN INDIVIDUAL PAYMENT AMOUNTS.—The maximum permissible reduction for the health insurance programs under title XVIII of the Social Security Act for any fiscal year, pursuant to an order issued under section 252, consists only of a reduction of—

(A) 1 percent in the case of fiscal year 1986, and

(B) 2 percent in the case of any subsequent fiscal year,

in each separate payment amount otherwise made for a covered service under those programs without regard to this part.

(2) TIMING OF APPLICATION OF REDUCTIONS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), if a reduction is made under paragraph (1) in payment amounts pursuant to a sequestration order, the reduction shall be applied to payment for services furnished during the effective period of the order. For purposes of the previous sentence, in the case of inpatient services furnished for an individual, the services shall be considered to be furnished on the date of the individual's discharge from the inpatient facility.

(B) PAYMENT ON THE BASIS OF COST REPORTING PERIODS.—In the case in which payment for services of a provider of services is made under title XVIII of the Social Secu-

rity Act on a basis relating to the reasonable cost incurred for the services during a cost reporting period of the provider, if a reduction is made under paragraph (1) in payment amounts pursuant to a sequestration order, the reduction shall be applied to payment for costs for such services incurred at any time during each cost reporting period of the provider any part of which occurs during the effective period of the order, but only (for each such cost reporting period) in the same proportion as the fraction of the cost reporting period that occurs during the effective period of the order.

(C) EFFECTIVE PERIOD OF ORDER FOR FISCAL YEAR 1986.—For purposes of this paragraph, the effective period of a sequestration order for fiscal year 1986 is the period beginning on March 1, 1986, and ending on September 30, 1986.

(3) NO INCREASE IN BENEFICIARY CHARGES IN ASSIGNMENT-RELATED CASES.—If a reduction in payment amounts is made under paragraph (1) for services for which payment under part B of title XVIII of the Social Security Act is made on the basis of an assignment described in section 1842(b)(3)(B)(ii), in accordance with section 1842(b)(6)(B), or under the procedure described in section 1870(f)(1), of such Act, the person furnishing the services shall be considered to have accepted payment of the reasonable charge for the services, less any reduction in payment amount made pursuant to a sequestration order, as payment in full.

(4) NO EFFECT ON COMPUTATION OF AAPCC.—In computing the adjusted average per capita cost for purposes of section 1876(a)(4) of the Social Security Act, the Secretary of Health and Human Services shall not take into account any reductions in payment amounts which have been or may be effected under this part.

(e) TREATMENT OF CHILD SUPPORT ENFORCEMENT PROGRAM.—Any order issued by the President under section 252 shall accomplish the full amount of any required reduction in expenditures under sections 455 and 458 of the Social Security Act by reducing the Federal matching rate for State administrative costs under such program, as specified (for the fiscal year involved) in section 455(a) of such Act, to the extent necessary to reduce such expenditures by that amount.

(f) TREATMENT OF FOSTER CARE AND ADOPTION ASSISTANCE PROGRAMS.—Any order issued by the President under section 252 shall make the reduction which is otherwise required under the foster care and adoption assistance programs (established by part E of title IV of the Social Security Act) only with respect to payments and expenditures made by States in which increases in foster care maintenance payment rates or adoption assistance payment rates (or both) are to take effect during the fiscal year involved, and only to the extent that the required reduction can be accomplished by applying a uniform percentage reduction to the Federal matching payments that each such State would otherwise receive under section 474 of that Act (for such fiscal year) for that portion of the State's payments which is attributable to the increases taking effect during that year. No State may, after the date of the enactment of this joint resolution, make any change in the timetable for making pay-

ments under a State plan approved under part E of title IV of the Social Security Act which has the effect of changing the fiscal year in which expenditures under such part are made.

(g) FEDERAL PAY.—

(1) IN GENERAL.—For purposes of any order issued under section 252—

(A) Federal pay under a statutory pay system, and

(B) elements of military pay,

shall be subject to reduction under an order in the same manner as other administrative expense components of the Federal budget; except that no such order may reduce or have the effect of reducing the rate of pay to which any individual is entitled under any such statutory pay system or the rate of any element of military pay to which any individual is entitled under title 37, United States Code, or any increase in rates of pay which is scheduled to take effect under section 5305 of title 5, United States Code, section 1009 of title 37, United States Code, or any other provision of law.

(2) DEFINITIONS.—For purposes of this subsection:

(A) The term "statutory pay system" shall have the meaning given that term in section 5301(c) of title 5, United States Code.

(B) The term "elements of military pay" means—

(i) the elements of compensation of members of the uniformed services specified in section 1009 of title 37, United States Code,

(ii) allowances provided members of the uniformed services under sections 403a and 405 of such title, and

(iii) cadet pay and midshipman pay under section 203(c) of such title.

(C) The term "uniformed services" shall have the meaning given that term in section 101(3) of title 37, United States Code.

(h) TREATMENT OF PAYMENTS AND ADVANCES MADE WITH RESPECT TO UNEMPLOYMENT COMPENSATION PROGRAMS.—(1) For purposes of section 252—

(A) any amount paid as regular unemployment compensation by a State from its account in the Unemployment Trust Fund (established by section 904(a) of the Social Security Act),

(B) any advance made to a State from the Federal unemployment account (established by section 904(g) of such Act) under title XII of such Act and any advance appropriated to the Federal unemployment account pursuant to section 1203 of such Act, and

(C) any payment made from the Federal Employees Compensation Account (as established under section 909 of such Act) for the purpose of carrying out chapter 85 of title 5, United States Code, and funds appropriated or transferred to or otherwise deposited in such Account,

shall not be subject to reduction.

(2)(A) A State may reduce each weekly benefit payment made under the Federal-State Extended Unemployment Compensation Act of 1970 for any week of unemployment occurring during any period with respect to which payments are reduced under an order issued

under section 252 by a percentage not to exceed the percentage by which the Federal payment to the State under section 204 of such Act is to be reduced for such week as a result of such order.

(B) A reduction by a State in accordance with subparagraph (A) shall not be considered as a failure to fulfill the requirements of section 3304(a)(11) of the Internal Revenue Code of 1954.

(i) TREATMENT OF MINE WORKER DISABILITY COMPENSATION INCREASES AS AUTOMATIC SPENDING INCREASES.—An order issued by the President under section 252 may not result in eliminating or reducing an increase in disability benefits under the Federal Mine Safety and Health Act except in the manner provided for automatic spending increases under section 252(a)(1)(A), and no such increase may, pursuant to such section, be reduced below zero.

(j) COMMODITY CREDIT CORPORATION.—

(1) POWERS AND AUTHORITIES OF THE COMMODITY CREDIT CORPORATION.—This title shall not restrict the Commodity Credit Corporation in the discharge of its authority and responsibility as a corporation to buy and sell commodities in world trade, to use the proceeds as a revolving fund to meet other obligations and otherwise operate as a corporation, the purpose for which it was created.

(2) REDUCTION IN PAYMENTS MADE UNDER CONTRACTS.—(A) Payments and loan eligibility under any contract entered into with a person by the Commodity Credit Corporation prior to the time an order has been issued under section 252 shall not be reduced by an order subsequently issued. Subject to subparagraph (B), after an order is issued under such section for a fiscal year, any cash payments made by the Commodity Credit Corporation—

(i) under the terms of any one-year contract entered into in such fiscal year and after the issuance of the order; and

(ii) out of an entitlement account,

to any person (including any producer, lender, or guarantee entity) shall be subject to reduction under the order.

(B) Each contract entered into with producers or producer cooperatives with respect to a particular crop of a commodity and subject to reduction under subparagraph (A) shall be reduced in accordance with the same terms and conditions. If some, but not all, contracts applicable to a crop of a commodity have been entered into prior to the issuance of an order under section 252, the order shall provide that the necessary reduction in payments under contracts applicable to the commodity be uniformly applied to all contracts for the next succeeding crop of the commodity, under the authority provided in paragraph (3).

(3) DELAYED REDUCTION IN OUTLAYS PERMISSIBLE.—Notwithstanding any other provision of this joint resolution, if an order under section 252 is issued with respect to a fiscal year, any reduction under the order applicable to contracts described in paragraph (1) may provide for reductions in outlays for the account involved to occur in the fiscal year following the fiscal year to which the order applies. No other account, or other program, project, or activity, shall bear an increased reduction for the fiscal year to which the order applies as a result of the operation of the preceding sentence.

(4) UNIFORM PERCENTAGE RATE OF REDUCTION AND OTHER LIMITATIONS.—All reductions described in paragraph (2) which are required to be made in connection with an order issued under section 252 with respect to a fiscal year—

(A) shall be made so as to ensure that outlays for each program, project, activity, or account involved are reduced by a percentage rate that is uniform for all such programs, projects, activities, and accounts, and may not be made so as to achieve a percentage rate of reduction in any such item exceeding the rate specified in the order; and

(B) with respect to commodity price support and income protection programs, shall be made in such manner and under such procedures as will attempt to ensure that—

(i) uncertainty as to the scope of benefits under any such program is minimized;

(ii) any instability in market prices for agricultural commodities resulting from the reduction is minimized; and

(iii) normal production and marketing relationships among agricultural commodities (including both contract and non-contract commodities) are not distorted.

In meeting the criterion set out in clause (iii) of subparagraph (B) of the preceding sentence, the President shall take into consideration that reductions under an order may apply to programs for two or more agricultural commodities that use the same type of production or marketing resources or that are alternative commodities among which a producer could choose in making annual production decisions.

(5) NO DOUBLE REDUCTION.—No agricultural price support or income protection program that is subject to reduction under an order issued under section 252 for a fiscal year may be subject, as well, to modification or suspension under such order as an automatic spending increase.

(6) CERTAIN AUTHORITY NOT TO BE LIMITED.—Nothing in this joint resolution shall limit or reduce, in any way, any appropriation that provides the Commodity Credit Corporation with budget authority to cover the Corporation's net realized losses.

(k) COMMUNITY AND MIGRANT HEALTH CENTERS, INDIAN HEALTH SERVICES AND FACILITIES, AND VETERANS' MEDICAL CARE.—

(1) The maximum permissible reduction in budget authority for any account listed in paragraph (2) for any fiscal year, pursuant to an order issued under section 252, shall be—

(A) 1 percent in the case of the fiscal year 1986, and

(B) 2 percent in the case of any subsequent fiscal year.

(2) The accounts referred to in paragraph (1) are as follows:

(A) Community health centers (75-0350-0-1-550).

(B) Migrant health centers (75-0350-0-1-550).

(C) Indian health facilities (75-0391-0-1-551).

(D) Indian health services (75-0390-0-1-551).

(E) Veterans' medical care (36-0160-0-1-703).

For purposes of the preceding provisions of this paragraph, programs are identified by the designated budget account identification code numbers set forth in the Budget of the United States Government—Appendix.

(1) TREATMENT OF OBLIGATED BALANCES.—

(1) IN GENERAL.—Except as provided in paragraph (2), obligated balances shall not be subject to reduction under an order issued under section 252.

(2) EXCEPTION.—Existing contracts in major functional category 050 (other than (A) those contracts which include a specified penalty for cancellation or modification by the Government and which if so cancelled or modified would result (due to such penalty) in a net loss to the Government for the fiscal year, and (B) those contracts the reduction of which would violate the legal obligations of the Government) shall be subject to reduction, in accordance with section 251(d)(3), under an order issued under section 252.

(3) DEFINITION.—For purposes of this subsection, the term "existing contracts" shall include all military and civilian contracts in major functional category 050 which exist at the time the order involved is issued under section 252.

SEC. 257. DEFINITIONS.

For purposes of this title:

(1) The term "automatic spending increase" (except as otherwise provided in sections 255 and 256) means—

(A) increases in budget outlays due to changes in indexes in the following Federal programs:

Black lung benefits (20-8144-0-7-601);

Central Intelligence Agency retirement and disability system fund (56-3400-0-1-054);

Civil service retirement and disability fund (24-8135-0-7-602);

Comptrollers general retirement system (05-0107-0-1-801);

Foreign service retirement and disability fund (19-8186-0-7-602);

Judicial survivors' annuities fund (10-8110-0-7-602);

Longshoremen's and harborworkers' compensation benefits (16-9971-0-7-601);

Military retirement fund (97-8097-0-7-602);

National Oceanic and Atmospheric Administration retirement (13-1450-0-1-306);

Pensions for former Presidents (47-0105-0-1-802);

Railroad retirement tier II (60-8011-0-7-601);

Retired pay, Coast Guard (69-0241-0-1-403);

Retirement pay and medical benefits for commissioned officers, Public Health Service (75-0379-0-1-551);

Special benefits, Federal Employees' Compensation Act (16-1521-0-1-600);

Special benefits for disabled coal miners (75-0409-0-1-601); and

Tax Court judges survivors annuity fund (23-8115-0-7-602); and

(B) increases in budget outlays due to changes in indexes in the following Federal programs:

National Wool Act (12-4336-0-3-351);

Special milk program (12-3502-0-1-605); and
Vocational rehabilitation (91-0301-0-1-506).

For purposes of the preceding provisions of this paragraph, programs are identified by the designated budget account identification code numbers set forth in the Budget of the United States Government, 1986—Appendix.

(2) The terms "budget outlays" and "budget authority" have the meaning given to such terms in sections 3(1) and 3(2), respectively, of the Congressional Budget and Impoundment Control Act of 1974.

(3) The term "concurrent resolution on the budget" has the meaning given to such term in section 3(4) of the Congressional Budget and Impoundment Control Act of 1974.

(4) The term "deficit" has the meaning given to such term in section 3(6) of the Congressional Budget and Impoundment Control Act of 1974.

(5) The term "maximum deficit amount", with respect to any fiscal year, means the maximum deficit amount for such fiscal year determined under section 3(7) of the Congressional Budget and Impoundment Control Act of 1974.

(6) The term "real economic growth", with respect to any fiscal year, means the growth in the gross national product during such fiscal year, adjusted for inflation, consistent with Department of Commerce definitions.

(7) The terms "sequester" and "sequestration" (subject to section 252(a)(4)) refer to or mean the cancellation of new budget authority, unobligated balances, obligated balances, new loan guarantee commitments, new direct loan obligations, and spending authority as defined in section 401(c)(2) of the Congressional Budget Act of 1974, and the reduction of obligation limitations.

(8) The term "account" means an item for which appropriations are made in any appropriation Act used to determine the budget base, and, for items not provided for in appropriation Acts, such term means an item for which there is a designated budget account identification code number in the Appendix to the President's budget.

PART D—BUDGETARY TREATMENT OF SOCIAL SECURITY TRUST FUNDS

SEC. 261. TREATMENT OF TRUST FUNDS.

(a) FISCAL YEARS 1986 THROUGH 1992.—

(1) IN GENERAL.—Section 710 of the Social Security Act (as added by paragraph (1) of subsection (a) of section 346 of the Social Security Amendments of 1983) is amended—

(A) by striking out all beginning with "the" the first place it appears down through "Disability Insurance Trust Fund, the" and inserting in lieu thereof "the";

(B) by striking out the comma after "Hospital Insurance Trust Fund";

(C) by striking out "sections 1401, 3101, and 3111" and inserting in lieu thereof "sections 1401(b), 3101(b), and 3111(b)";

(D) by redesignating all after the section designation as subsection (b);

(E) by inserting immediately after the section designation the following:

"(a) The receipts and disbursements of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, and the taxes imposed under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954, shall not be included in the totals of the budget of the United States Government as submitted by the President or of the congressional budget and shall be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States Government."; and

(F) by adding at the end thereof the following new subsection:

"(c) No provision of law enacted after the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriates funds authorized under the Social Security Act as in effect on the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985) may provide for payments from the general fund of the Treasury to the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, or for payments from either such Trust Fund to the general fund of the Treasury.".

(2) APPLICATION.—The amendments made by paragraph (1) shall apply with respect to fiscal years beginning after September 30, 1985, and ending before October 1, 1992.

(b) FISCAL YEAR 1993 AND THEREAFTER.—Section 710(a) of the Social Security Act (42 U.S.C. 911 note), as amended by section 346(b) of the Social Security Amendments of 1983 (to be effective with respect to fiscal years beginning after September 30, 1992) is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) No provision of law enacted after the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriates funds authorized under the Social Security Act as in effect on the date of the enactment of the Balanced Budget and Emergency Deficit Control Act of 1985) may provide for payments from the general fund of the Treasury to any Trust Fund specified in paragraph (1) or for payments from any such Trust Fund to the general fund of the Treasury.".

PART E—MISCELLANEOUS AND RELATED PROVISIONS

SEC. 271. WAIVERS AND SUSPENSIONS; RULEMAKING POWERS.

(a) BUDGET ACT WAIVERS IN THE SENATE.—Section 904 of the Congressional Budget Act of 1974 is amended by redesignating subsection (c) as subsection (d), and by inserting after subsection (b) the following new subsection:

"(c) Sections 305(b)(2) and 306 of this Act may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn.".

(b) OTHER WAIVERS AND SUSPENSIONS IN THE SENATE.—Sections 301(i), 302(f), 304(b), 310(d), 310(g), and 311(a) of the Congressional Budget Act of 1974 may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn. This subsection shall not apply to any joint resolution reported or discharged pursuant to section 254(a) of this joint resolution.

(c) RULEMAKING POWERS.—The provisions of this title, other than those relating to the activities of the executive and judicial branches of the Government, are enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

SEC. 272. RESTORATION OF TRUST FUND INVESTMENTS.

(a) RESTORATION OF SOCIAL SECURITY TRUST FUNDS AND CERTAIN OTHER FUNDS.—

(1) REISSUANCE OF OBLIGATIONS.—The Secretary of the Treasury shall immediately reissue to each fund listed in paragraph (3) obligations under chapter 31 of title 31, United States Code, which are identical, with respect to interest rate and maturity, to public debt obligations held by such fund which—

(A) were redeemed during the period beginning with September 1, 1985, and ending with September 29, 1985, and

(B) as determined by such Secretary on the basis of standard investment procedures for such fund in effect on September 1, 1985, would not have been redeemed if H.J. Res. 372 (99th Congress, 1st Session), as deemed passed by the House of Representatives on August 1, 1985, had been enacted into law on August 1, 1985.

Such obligations shall be substituted for obligations which are held by such fund on the date of the enactment of this joint resolution in a manner which will ensure that, after such substitution, the holdings of such fund will replicate to the maximum extent practicable the holdings which would have been held by such fund on such date if H.J. Res. 372 (99th Congress, 1st Session), as deemed passed by the House of Representatives on August 1, 1985, had been enacted into law on August 1, 1985.

(2) APPROPRIATION TO FUNDS OF INTEREST LOST ON OR AFTER SEPTEMBER 1, 1985.—The Secretary of the Treasury shall pay on the normal interest payment date to each fund listed in paragraph (3), from amounts in the general fund of the Treasury not otherwise appropriated, an amount determined by such Secretary to be equal to the excess of—

(A) the net amount of interest which would have been earned by such fund, during the period beginning with September 1, 1985, and ending with the date of the enactment of this joint resolution, if all noninvestments, redemptions, and disinvestments with respect to such fund which—

(i) occurred during such period, and

(ii) would not have occurred if H.J. Res. 372 (99th Congress, 1st Session), as deemed passed by the House of Representatives on August 1, 1985, had been enacted into law on August 1, 1985,

had not occurred, over

(B) the net amount of interest actually earned by such fund during such period.

(3) FUNDS AFFECTED.—The funds referred to in paragraphs (1) and (2) are the following:

(A) the Federal Old-Age and Survivors Insurance Trust Fund,

(B) the Federal Disability Insurance Trust Fund,

(C) the Federal Hospital Insurance Trust Fund,

(D) the Federal Supplementary Medical Insurance Trust Fund,

(E) the Railroad Retirement Account,

(F) the Civil Service Retirement and Disability Fund, and

(G) all other funds (other than the funds referred to in subsection (b) or (c)) listed in Table III of the Monthly Statement of the Public Debt issued by the Department of the Treasury for November 30, 1985.

(b) RESTORATION OF DEPARTMENT OF DEFENSE MILITARY RETIREMENT FUND.—

(1) ISSUANCE OF OBLIGATIONS.—The Secretary of the Treasury shall immediately issue to the Department of Defense Military Retirement Fund obligations under chapter 31 of title 31, United States Code, which such Secretary, in consultation with the Secretary of Defense, determines would have been issued to such fund on October 1, 1985, if H.J. Res. 372 (99th Congress, 1st Session), as deemed passed by the House of Representatives on August 1, 1985, had been enacted into law on August 1, 1985. Such obligations shall be market-based special obligations issued at prices, including accrued interest, prevailing for such obligations on October 1, 1985. Such obligations shall be substituted for all obligations which were purchased by such fund during the period beginning with October 1, 1985, and ending with November 14, 1985, with amounts which were transferred to such fund on October 1, 1985.

(2) APPROPRIATION TO FUND OF INTEREST LOST ON OR AFTER OCTOBER 1, 1985.—

(A) IN GENERAL.—The Secretary of the Treasury shall immediately pay to the Department of Defense Military Retirement Fund, from amounts in the general fund of the Treasury not otherwise appropriated, an amount determined by such Secretary, in consultation with the Secretary of Defense, to be equal to the excess of—

(i) the interest which would have been earned by such fund during the period beginning with October 1, 1985, and ending with November 14, 1985, if the obligations issued pursuant to paragraph (1) had been issued on October 1, 1985, over

(ii) the amount of interest actually collected by such fund during such period on obligations purchased by such fund with amounts which were transferred to such fund on October 1, 1985.

(B) INVESTMENT OF INTEREST RECEIPTS.—The Secretary of the Treasury shall immediately invest the amount paid to the Department of Defense Military Retirement Fund pursuant to subparagraph (A) in obligations designated by the Secretary of Defense. Such obligations shall be market-based special obligations issued with an issue date of November 15, 1985, and at prices, including accrued interest, prevailing for such obligations on November 15, 1985.

(c) APPROPRIATION TO CERTAIN FUNDS WITH RESPECT TO UNINVESTED BALANCES AFTER DECEMBER 6, 1985.—

(1) IN GENERAL.—The Secretary of the Treasury shall immediately pay, from amounts in the general fund not otherwise appropriated, to each fund which is listed in Table III of the Monthly Statement of the Public Debt issued by the Department of the Treasury for November 30, 1985, and which invests in market-based special obligations under chapter 31 of title 31, United States Code, an amount equal to the interest which would have been earned by such fund during the period beginning with December 7, 1985, and ending with the date of the enactment of this joint resolution, if the daily balance in such fund which the Secretary of the Treasury was requested to invest during such period but was unable to invest, because of the expiration of the temporary debt limit, had been invested each day during such period, overnight, in obligations under such chapter 31 earning interest at a rate determined by the Secretary of the Treasury in accordance with the standard practice of the Department of the Treasury.

(2) EXPIRATION OF TEMPORARY DEBT LIMIT DEFINED.—For purposes of paragraph (1), the term "expiration of the temporary debt limit" means the expiration of the period described in section 1 of the Act entitled "An Act to temporarily increase the limit on the public debt and to restore the investments of the Social Security Trust Funds and other trust funds", approved November 14, 1985 (Public Law 99-155).

(d) ADDITIONAL APPROPRIATION TO OASDI TRUST FUNDS OF INTEREST LOST FROM ACTIONS TAKEN IN SEPTEMBER AND OCTOBER 1984.—

(1) IN GENERAL.—On December 31, 1985, the Secretary of the Treasury shall pay to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, from amounts in the general fund of the Treasury not otherwise appropriated, amounts determined under this subsection.

(2) AMOUNT PAID TO EACH TRUST FUND.—The amount paid to each such Trust Fund pursuant to paragraph (1) shall be an

amount determined jointly by the Secretary of the Treasury and the Secretary of Health and Human Services to be sufficient to fully compensate such Trust Fund for interest losses arising from the premature redemption, during the period beginning with September 1, 1984, and ending with October 31, 1984, of securities maturing during the period beginning with calendar year 1987 and ending with calendar year 1991.

(3) LIMITATION.—The total amount paid from the general fund of the Treasury pursuant to paragraph (1) shall not exceed $550,000,000.

(4) ADJUSTMENTS.—

(A) DETERMINATION OF SHORTFALLS AND EXCESSES IN PAYMENTS TO TRUST FUNDS.—As soon as practicable after May 31, 1986, the Secretary of the Treasury and the Secretary of Health and Human Services shall jointly determine any shortfall or excess in the amount paid to each Trust Fund pursuant to paragraph (1) caused by—

(i) the difference between actual interest rates and interest rates assumed for purposes of paragragh (1), and

(ii) the difference between the actual amount of securities redeemed in January 1986 for purposes of compliance with section 201(1)(3)(B) of the Social Security Act and the amount of securities assumed for purposes of paragraph (1) to be redeemed in such month for purposes of compliance with such section.

(B) PAYMENT OF SHORTFALLS AND EXCESSES.—On June 30, 1986, the Secretary of the Treasury shall—

(i) in the case of a shortfall in the amount paid to either Trust Fund determined pursuant to subparagraph (A), pay to such Trust Fund, from amounts in the general fund of the Treasury not otherwise appropriated, the amount of such shortfall, or

(ii) in the case of an excess in the amount paid to either Trust Fund determined pursuant to subparagraph (A), pay to the general fund of the Treasury, from such Trust Fund, the amount of such excess (but not to exceed the amount paid to such Trust Fund pursuant to paragraph (1)).

SEC. 273. REVENUE ESTIMATES.

For the purposes of revenue legislation which is income, estate and gift, excise, and payroll taxes (i.e., Social Security), considered or enacted in any session of Congress, the Congressional Budget Office shall use exclusively during that session of Congress revenue estimates provided to it by the Joint Committee on Taxation. During that session of Congress such revenue estimates shall be transmitted by the Congressional Budget Office to any committee of the House of Representatives or the Senate requesting such estimates, and shall be used by such Committees in determining such estimates. The Budget Committees of the Senate and House shall determine all estimates with respect to scoring points of order and with respect to the execution of the purposes of this title and the Congressional Budget and Impoundment Control Act of 1974.

SEC. 274. JUDICIAL REVIEW.

(a) EXPEDITED REVIEW.—

(1) Any Member of Congress may bring an action, in the United States District Court for the District of Columbia, for declaratory judgment and injunctive relief on the ground that any order that might be issued pursuant to section 252 violates the Constitution.

(2) Any Member of Congress, or any other person adversely affected by any action taken under this title, may bring an action, in the Untied States District Court for the District of Columbia, for declaratory judgment and injunctive relief concerning the constitutionality of this title.

(3) Any Member of Congress may bring an action, in the United States District Court for the District of Columbia, for declaratory and injunctive relief on the ground that the terms of an order issued under section 252 do not comply with the requirements of this title.

(4) A copy of any complaint in an action brought under paragraph (1), (2), or (3) shall be promptly delivered to the Secretary of the Senate and the Clerk of the House of Representatives, and each House of Congress shall have the right to intervene in such action.

(5) Any action brought under paragraph (1), (2), or (3) shall be heard and determined by a three-judge court in accordance with section 2284 of title 28, United States Code.

Nothing in this section or in any other law shall infringe upon the right of the House of Representatives to intervene in an action brought under paragraph (1), (2), or (3) without the necessity of adopting a resolution to authorize such intervention.

(b) APPEAL OF SUPREME COURT.—Notwithstanding any other provision of law, any order of the United States District Court for the District of Columbia which is issued pursuant to an action brought under paragraph (1), (2), or (3) of subsection (a) shall be reviewable by appeal directly to the Supreme Court of the United States. Any such appeal shall be taken by a notice of appeal filed within 10 days after such order is entered; and the jurisdictional statement shall be filed within 30 days after such order is entered. No stay of an order issued pursuant to an action brought under paragraph (1), (2), or (3) of subsection (a) shall be issued by a single Justice of the Supreme Court.

(c) EXPEDITED CONSIDERATION.—It shall be the duty of the District Court for the District of Columbia and the Supreme Court of the United States to advance on the docket and to expedite to the greatest possible extent the disposition of any matter brought under subsection (a).

(d) NONCOMPLIANCE WITH SEQUESTRATION PROCEDURES.—

(1) If it is finally determined by a court of competent jurisdiction that an order issued by the President under section 252(b) for any fiscal year—

(A) does not reduce automatic spending increases under any program specified in section 257(1) to the extent that such increases are required to be reduced by part C of this title (or reduces such increases by a greater extent than is so required),

(B) does not sequester the amount of new budget authority, new loan guarantee commitments, new direct loan obligations, or spending authority which is required to be sequestered by such part (or sequesters more than that amount) with respect to any program, project, activity, or account, or

(C) does not reduce obligation limitations by the amount by which such limitations are required to be reduced under such part (or reduces such limitations by more than that amount) with respect to any program, project, activity, or account,

the President shall, within 20 days after such determination is made, revise the order in accordance with such determination.

(2) If the order issued by the President under section 252(b) for any fiscal year—

(A) does not reduce any automatic spending increase to the extent that such increase is required to be reduced by part C of this title,

(B) does not sequester any amount of new budget authority, new loan guarantee commitments, new direct loan obligations, or spending authority which is required to be sequestered by such part, or

(C) does not reduce any obligation limitation by the amount by which such limitation is required to be reduced under such part,

on the claim or defense that the constitutional powers of the President prevent such sequestration or reduction or permit the avoidance of such sequestration or reduction, and such claim or defense is finally determined by the Supreme Court of the United States to be valid, then the entire order issued pursuant to section 252(b) for such fiscal year shall be null and void.

(e) TIMING OF RELIEF.—No order of any court granting declaratory or injunctive relief from the order of the President issued under section 252, including but not limited to relief permitting or requiring the expenditure of funds sequestered by such order, shall take effect during the pendency of the action before such court, during the time appeal may be taken, or, if appeal is taken, during the period before the court to which such appeal is taken has entered its final order disposing of such action.

(f) ALTERNATIVE PROCEDURES FOR THE JOINT REPORTS OF THE DIRECTORS.—

(1) In the event that any of the reporting procedures described in section 251 are invalidated, then any report of the Directors referred to in section 251(a) or (c)(1) shall be transmitted to the joint committee established under this subsection.

(2) Upon the invalidation of any such procedure there is established a Temporary Joint Committee on Deficit Reduction, composed of the entire membership of the Budget Committees of the House of Representatives and the Senate. The Chairman of these two committees shall act as Co-Chairmen of the Joint Committee. Actions taken by the Joint Committee shall be determined by the majority vote of the members representing each House. The purposes of the Joint Committee are to receive the reports of the Directors as described in paragraph (1), and to

report (with respect to each such report of the Directors) a joint resolution as described in paragraph (3).

(3) No later than 5 days after the receipt of a report of the Directors in accordance with paragraph (1), the Joint Committee shall report to the House of Representatives and the Senate a joint resolution setting forth the contents of the report of the Directors.

(4) The provisions relating to the consideration of a joint resolution under section 254(a)(4) shall apply to the consideration of a joint resolution reported pursuant to this subsection in the House of Representatives and the Senate, except that debate in each House shall be limited to two hours.

(5) Upon its enactment, the joint resolution shall be deemed to be the report received by the President under section 251(b) or (c)(2) (whichever is applicable).

(g) PRESERVATION OF OTHER RIGHTS.—The rights created by this section are in addition to the rights of any person under law, subject to subsection (e).

(h) ECONOMIC DATA, ASSUMPTIONS, AND METHODOLOGIES.—The economic data, assumptions, and methodologies used by the Comptroller General in computing the base levels of total revenues and total budget outlays, as specified in any report issued by the Comptroller General under section 251(b) or (c)(2), shall not be subject to review in any judicial or administrative proceeding.

SEC. 275. EFFECTIVE DATES.

(a) IN GENERAL.—

(1) Except as provided in paragraph (2) and in subsections (b) and (c), this title and the amendments made by this title shall become effective on the date of the enactment of this title and shall apply with respect to fiscal years beginning after September 30, 1985.

(2)(A) The amendment made by section 201(a)(2), and the amendment made by section 201(b) insofar as it relates to subsections (c), (f), and (g) of section 302 of the Congressional Budget Act of 1974 and to subsections (c), (d), and (g) of section 310 of that Act, shall become effective April 15, 1986.

(B) The amendment made by section 212 shall become effective February 1, 1986.

(b) EXPIRATION.—

(1) Part C of this title, and the other provisions contained in or added by this title which are listed in paragraph (2), shall expire September 30, 1991.

(2) The other provisions referred to in paragraph (1) are as follows:

(A) section 3(7) of the Congressional Budget and Impoundment Control Act of 1974 and the second sentence of section 3(6) of such Act (as added by section 201(a)(1) of this joint resolution);

(B) sections 301(i) and 304(b) of the Congressional Budget Act of 1974 and the portion of section 311(a) of such Act which begins with "or, in the Senate" and ends with "paragraph (2) of such subsection)" (as added by section 201(b) of this joint resolution);

(C) sections 1105(f) and 1106(c) of title 31, United States Code (as added by sections 241(b) and 242(b) of this joint resolution); and

(D) section 271(b) of this joint resolution.

(c) OASDI TRUST FUNDS.—The amendments made by part D shall apply as provided in such part.

And the Senate agree to the same.

From the Committee on Ways and Means:

DAN ROSTENKOWSKI,
SAM M. GIBBONS,
J.J. PICKLE,
CHARLES B. RANGEL,
PETE STARK,
JAMES JONES,
ED JENKINS,
RICHARD A. GEPHARDT,
MARTY RUSSO,
JOHN J. DUNCAN,
BILL ARCHER,
GUY VANDER JAGT,
BILL FRENZEL.

From the Committee on Appropriations:

JAMIE L. WHITTEN,
EDWARD P. BOLAND,
WILLIAM H. NATCHER,
NEAL SMITH,
CARL PURSELL,
TOM LOEFFLER.

From the Committee on Rules:

CLAUDE PEPPER,
ANTHONY C. BEILENSON,
MARTIN FROST.

From the Committee on Government Operations:

DON FUQUA,
THOMAS N. KINDNESS.

From the Committee on the Budget:

GEO. MILLER,
MARVIN LEATH,
WILLIS GRADISON.

As additional conferees:

THOMAS S. FOLEY,
LES ASPIN,
MARY ROSE OAKAR,
LEON PANETTA,
VIC FAZIO,
ROBERT H. MICHEL,
DICK CHENEY,
LYNN MARTIN,
CONNIE MACK,

Managers on the Part of the House.

BOB PACKWOOD,
PETE V. DOMENICI,
JOHN C. DANFORTH,
W.L. ARMSTRONG,
PHIL GRAMM,
WARREN B. RUDMAN,
RUSSELL B. LONG,
LLOYD BENTSEN,
J. BENNETT JOHNSTON,
CARL LEVIN,
DAVID L. BOREN,
ERNEST F. HOLLINGS,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the amendments of the House to the amendments of the Senate numbered 1 and 2 to the joint resolution (H.J. Res. 372) increasing the statutory limit on the public debt, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

PART A

1. PUBLIC DEBT LIMIT INCREASE

H.J. Res. 372, as originally passed by the House, provided for an increase of the permanent public debt limit to $2,078.7 billion. This debt limit level is the amount approved by the Congress in the conference report on the budget resolution for fiscal year 1986 (S. Con. Res. 32). The Senate agreed to the House language when it initially passed H.J. Res. 372. Thus, this provision was not in conference.

2. CORPORATE MINIMUM TAX

As initially passed by the Senate, H.J. Res. 372 contained an amendment directing the Committee on Finance to report minimum corporate tax legislation by July 1, 1986, to be effective on and after October 1, 1986, with revenues raised by this tax to be applied toward deficit reduction.

House Amendment

Directs the Committee on Ways and Means to report an alternative corporate minimum tax prior to October 1, 1986.

Senate Amendment

Directs the Senate Finance Committee and the House Ways and Means Committee to report, no later than April 15, 1986, an alternative corporate minimum tax to be effective not later than July 1, 1986, with revenues raised by such tax to be used to reduce the deficit.

Conference Agreement

The Senate recedes from its amendment and concurs in the House amendment.

The following summary table outlines the critical dates included in the conference agreement for implementing the legislation in Fiscal Year 1986, and for Fiscal Years 1987 through 1991:

TIMETABLE FOR FISCAL YEAR 1986

January 10—The "snapshot" of the dificit for FY 1986 is taken.
January 15—OMB and CBO report to GAO.
January 20—GAO issues the report to the President, based on the findings of CBO and OMB.
January 21—Congress convenes.
February 1—The Presidential order is issued based on the GAO report.
February 5—The President submits his FY 87 budget.
March 1—The order takes effect.

TIMETABLE FOR FISCAL YEAR 1987

August 15—The "snapshot" of the deficit is taken.
August 20—OMB and CBO report to GAO.
August 25—GAO issues the report to the President, based on the findings of OMB and CBO.
September 1—The Presidential order is issued based on the GAO report.
October 1—The order takes effect.
October 5—OMB and CBO issue a revised report to reflect final congressional action.
October 10—GAO issues a revised report to the President.
October 15—The final order, based on the revised report, is effective.
November 15—GAO Compliance report is issued.

I. TRIGGER MECHANISM

House Amendment

The House amendment establishes an emergency deficit reduction procedure which takes effect if the deficit exceeds specified levels. To determine whether this procedure is triggered, the House amendment requires the Director of CBO, in consultation with the Director of OMB, to make several determinations immediately prior to the start of a fiscal year. The House amendment specifies several assumptions to be used in making the determinations, particularly with regard to baseline assumptions.

The Director of CBO is to determine the amount by which his deficit estimate exceeds the maximum deficit amount for the fiscal year, decide whether the excess is greater than $10,000,000,000, and decide by program, project, activity or account the amount and method of reductions needed to eliminate any excess. The Director of CBO shall also determine whether the excess deficit would be eliminated by the enactment of reconciliation and appropriation bills completed by Congress as of August 15.

The Director of CBO shall also estimate real growth for the fiscal year and specify whether the estimate includes any two consecutive quarters of negative real growth.

The Director of CBO is to report his findings to the President and Congress.

Senate Amendment

The Senate amendment establishes an emergency deficit reduction procedure which takes effect if the deficit exceeds specified levels. To determine whether this procedure is triggered, the Senate amendment requires the Directors of OMB and CBO to determine the amount by which their deficit estimates exceed the maximum deficit amount, decide whether the excess is statistically significant, and decide the uniform percentage reductions in automatic spending increases and in controllable expenditures which are needed to eliminate the excess.

The Directors of OMB and CBO shall also estimate the real growth rate for the fiscal year and for each quarter in the year.

The Directors of OMB and CBO are to average their findings and report them to the Comptroller General and the public. The Comptroller General, with due regard for the OMB and CBO findings, shall report his findings to Congress and the President, using the same guidelines as the Directors of OMB and CBO and explaining any differences between his report and theirs.

Conference Agreement

The Conference Agreement requires the Directors of OMB and CBO to determine the amount by which their deficit estimates exceed the maximum deficit amount for the fiscal year, to determine for Fiscal Year 1987–90 whether the excess is greater than $10,000,000,000, and to determine by calculations specified in the Act the amount and percentage by account of reductions needed to eliminate the excess. The Conference Agreement gives detailed specifications on how the Directors of OMB and CBO are to make these determinations.

The Directors of OMB and CBO shall also estimate the real growth rate for the fiscal year, for each quarter in it and for the two preceding quarters.

To the extent that the Directors are unable to agree on any items in their report, the Directors of OMB and CBO shall average their findings so as to report a single, consistent set of findings, along with each Director's own finding, to the Comptroller General.

It is the intent of the conferees that the averaging process between the Directors work in the following manner. For each report required from the Directors, the Directors would estimate the deficit independently. After consulting with each other, the Directors should first try to agree upon a deficit estimate. In the event that they cannot agree, they should average their deficit estimates.

Using this agreed upon or averaged deficit estimate, the Directors should then determine whether the deficit estimate exceeds the maximum deficit amount by the amount specified in Section 251(a)(3)(A), thereby requiring a calculation of spending reductions to eliminate the excess deficit as provided in Section 251(a)(3) and (a)(4).

If such calculation of spending reductions is required, the Directors shall agree upon, if possible, or average, if necessary, the amounts of budget authority, outlays, loan levels, or spending authority, as applicable, that are available for reduction in each ac-

count or by program, project or activity or otherwise required for the calculation. They shall then proceed step-by-step through the calculations set forth in Section 251(a)(3) and (a)(4) to determine the amount and percentage spending reduction required for each account in order to achieve the required deficit reduction.

The above averaging procedures will produce the necessary reduction in spending without requiring the Directors to average their economic forecasts or other underlying assumptions required for their budget estimates. However, the Directors could, if they so chose, use common economic and estimating assumptions.

The Comptroller General shall in turn issue a report giving due regard to the report of the Directors of OMB and CBO making it public and sending it to the President. The conferees intend that the Comptroller General use the utmost discretion in the exercise of his authority to change from the contents of the report of the Directors. He shall use the same guidelines as the Directors of OMB and CBO used and shall explain any differences between his report and theirs. It is the intention of the conferees that it be the Comptroller General's report which requires the sequester order in the event that one is required.

The Directors of OMB and CBO are to revise their report October 5 (except in Fiscal Year 1986, when no revision is provided for). They are to make the same determinations and use the same methods and assumptions as in their first report, but they are to take into account laws enacted and regulations promulgated after that report was submitted. They are to alter their assumptions in one regard: whereas their first report was to assume that federal pay cannot be reduced below the levels in effect at the time of the determination, the revised report does not make this assumption.

Likewise, the Comptroller General is to issue a revised report on October 10 (except in Fiscal Year 1986, when no revision is provided for) based on the revised report of the Directors of OMB and CBO.

II. THE SEQUESTRATION AMOUNTS AND TIMETABLE

a. Maximum Deficit Amounts

House Amendment

The House amendment provides an automatic deficit reduction procedure in the event that the deficit in any fiscal year exceeds a maximum deficit amount. The House amendment provides that the determination of this maximum deficit amount be tied to the rate of economic growth projected for the relevant fiscal year. In the event CBO projects a 3 percent rate of economic growth in the relevant fiscal year, the deficit would be reduced below that of the prior year by 20 percent of the fiscal year 1985 deficit. This 20 percent reduction would be increased by 1 percent for each 0.1 percentage point the projected growth rate exceeds 3 percent and reduced by 1 percent for each 0.1 percentage point that the projected growth rate falls below 3 percent. Under this rule, there would be no deficit reduction in years in which CBO projected a growth rate of 1 percent or less. This formula provides maximum deficit amounts of $161.0 billion in FY 1986, $110.2 billion in FY 1987,

$57.2 billion in FY 1988, and $4.2 billion in FY 1989 under the CBO economic assumptions contained in its August 1985 report.

Senate Amendment

The Senate amendment provides an automatic deficit reduction procedure which would require that the Presidential sequester order go into effect in the event that the maximum deficit targets listed below were exceeded for FY 1986 and by more than 5 percent of these amounts for FY 1987 through FY 1990. The maximum deficit amounts are:

FY 1986—$180.0 billion.
FY 1987—$144.0 billion.
FY 1988—$108.0 billion.
FY 1989—$72.0 billion.
FY 1990—$36.0 billion.
FY 1991—Zero.

Conference Agreement

The Conference Agreement provides the same fixed maximum deficit amounts contained in the Senate amendment for years after FY 1986. However, the conference agreement provides that these amounts may be exceeded by up to $10.0 billion in each year except FY 1986 and FY 1991 without the automatic deficit reductions contained in the Act being triggered. In FY 1986, the $171.9 billion maximum deficit amount, which is the same deficit level contained in the First Congressional budget resolution for FY 1986, is binding. Should the Comptroller General project an actual FY 1986 deficit which is more than $20.0 billion higher than $171.9 billion the FY 1986 sequester is limited to a maximum of $20.0 billion at an annual rate. The $20.0 billion maximum deficit reduction for FY 1986 will be prorated by 7/12 and take final effect as of March 1, 1986. For FY 1986, the maximum prorated sequester amount would be $11.7 billion. In 1991, the budget is to be balanced and the deficit is to be zero.

The maximum deficit amounts in the conference agreement are as follows:

FY 1986—$171.9 billion.
FY 1987—$144.0 billion.
FY 1988—$108.0 billion.
FY 1989—$72.0 billion.
FY 1990—$36.0 billion.
FY 1991—Zero.

b. Timetable

House Amendment

The House Amendment provides that after FY 1986 the Director of CBO report to the President and the Congress on August 20th of the calendar year in which the fiscal year begins total outlays, total revenues, and the extent to which the projected deficit exceeds the maximum deficit amount. For FY 1986, the House amendment provides that this report be made on the 9th day after the date of enactment. The House amendment further provides that the President issue an initial order, if required by the Direc-

tor's report, on September 1st and that the Comptroller General report to the Congress on September 15th whether the Presidential Order is consistent with the Director's report and whether the reductions required under the Presidential Order are consistent with the provisions of the Act. For FY 1986, the President shall issue the initial order on the 14th day after enactment. The House amendment provides that on or before October 5th (December 15th in the case of 1986), the Director of the CBO revise the estimates and determinations contained in the initial report and indicate the extent to which legislation enacted after the submission of the initial report reduces or eliminates the excess deficit. The President then issues a final order on October 10th (December 20th in the case of 1986) on the basis of the Director's revised report.

Senate Amendment

The Senate amendment provides that the OMB and CBO jointly report to the Comptroller General on all matters required by the Act by September 15th (December 10th for FY 1986) and that the reports be made public. Not later than September 25th (and December 15th for FY 1986) the Comptroller General shall issue its report to the President and the Congress. The President then is to issue the sequester order, in the event that one is required, by October 9th (October 25th if real growth is negative or less than one percent) and the order will become effective on November 8th (November 24th if the recession procedures in the Act are triggered). In the case of FY 1986, the President issues the sequester order 14 days after receipt of the Comptroller General's report and it becomes effective 30 days after the initial order is issued.

Conference Agreement

The Conference Agreement requires the Directors of OMB and CBO to determine the amount by which their deficit estimates exceed the maximum deficit amount for the fiscal year, to decide for Fiscal Year 1987-90 whether the excess is greater than $10,000,000,000, and to decide by account the amount and method of reductions needed to eliminate the excess. The Conference Agreement gives detailed specifications on how the Directors of OMB and CBO are to make these determinations.

The Directors of OMB and CBO shall also estimate the real growth rate for the fiscal year, for each quarter in it and for the two preceding quarters. They shall decide whether their estimates include any two consecutive quarters of negative real growth.

To the extent that the Directors are unable to agree on any items in their report, the Directors of OMB and CBO shall average their findings so as to report a single, consistent set of findings, along with each Director's own finding, to the Comptroller General. The Comptroller General shall consider this report, giving it due regard, then report his findings to Congress and the President. He shall use the same guidelines as the Directors of OMB and CBO used and shall explain any differences between his report and theirs. It is the intention of the conferees that it be the Comptroller General's report which triggers the sequester order in the event that one is required.

The Directors of OMB and CBO are to revise their report October 5 (except in Fiscal Year 1986). They are to make the same determinations and use the same methods and assumptions as in their first report, but they are to take into account laws enacted and regulations promulgated after the initial report was submitted. They are to alter their assumptions in one regard: whereas their first report was to assume that federal pay cannot be reduced below the levels in effect at the time of the determination, the revised report does not make this assumption.

Likewise, the Comptroller General is to issue a revised report on October 10 (except in Fiscal Year 1986) based on the revised report of the Directors of OMB and CBO.

The accelerated timetable for FY 1986 with Conference Agreement is as follows:

January 10—The "snapshot" of the deficit for FY 1986 is taken.

January 15—OMB and CBO report to GAO.

January 20—GAO issues the report to the President, based on the findings of CBO and OMB.

January 21—Congress convenes.

February 1—The Presidential Order is issued based on the GAO report.

February 5—The President submits his FY 87 budget.

March 1—The order takes effect.

Any cost of living allowance (COLA) scheduled to take effect on January 1 would be deferred beginning January 1, 1986, under this plan. If it is later determined that a sequestration order will not take effect, the COLAs would be restored retroactive to January 1.

The timetable for FY 1987 and beyond in the Conference Agreement is as follows:

August 15—The "snapshot" of the deficit is taken.

August 20—OMB and CBO report to GAO.

August 25—GAO issues the report to the President, based on the findings of OMB and CBO.

September 1—The Presidential Order is issued based on the GAO report.

October 1—The order takes effect.

October 5—OMB and CBO issue a revised report to reflect final Congressional action.

October 10—GAO issues a revised report to the President.

October 15—The final order, based on the revised report, is effective.

November 15—GAO compliance report is issued.

Under this timetable, the month of September would be set aside for a Congressional response to the sequestration order.

The conferees expect the CBO and OMB will take the final snapshot as close to October 5th as possible.

c. Use of Social Security Trust Funds in Calculation of Deficit Amounts

House Amendment

The House amendment provides that the calculation of the deficit during the five fiscal years of the Balanced Budget and Emergency Deficit Control Act of 1985 would be made taking into account the receipts and disbursements of the Federal Old-Age and

Survivors and Disability Insurance Trust Funds each year during the 5-year period, notwithstanding Section 710(a) of the Social Security Act, which removes the operations of the Trust Funds from the Federal budget. This provision is intended to allow use of the social security income and outgo in the calculation of the deficit at all points in the enforcement of the budget process only for purposes of comparison with the maximum deficit amounts provided for in the Balanced Budget Act.

Senate Amendment

With respect to treatment of the social security trust funds, the Senate amendment is identical.

Conference Agreement

The conference agreement leaves unchanged from the House and Senate amendments the treatment of the social security trust funds. This provision allows the yearly income and outgo of the social security trust funds to be included in the Federal budget only for purposes of estimating the total deficit amount which must be addressed through sequester or Congressional action in order to reach the maximum deficit amount target. The scope of this provision is limited to that purpose of comparison with the maximum deficit amounts, and does not otherwise abrogate or contradict the effect of other amendments in this act that remove the operations of the social security trust funds from the unified budget. It is anticipated that the estimating agencies named in other provisions of this Act will in all other tasks related to the budget and legislative process adhere to the requirements of Section 261 of this Act, and remove the trust fund operations from the Federal budget as required.

III. THE PRESIDENTIAL ORDER

Conference Agreement and dollar reductions

The Presidential Order must strictly adhere to the determinations set forth in the GAO report and must be consistent with that report.

a. Calculation of Spending Reductions

The Conference Agreement provides specific, detailed instructions determining how any outlay reductions that are required by the emergency deficit reduction procedures shall be applied. Outlay reductions are required if the deficit in the budget base exceeds the maximum deficit amount by more than $10 billion in Fiscal Years 1987–1990, and by any amount in Fiscal Years 1986 and 1991.

Three key provisions serve as general guides for the application of outlay reductions:

One-half of any required reduction shall be taken from Defense programs and one-half from non-Defense programs.

No more than one-half of any required reduction may be taken from "automatic spending increases" as described in Section 257(1).

Any reductions in automatic spending increases for federal retirement programs shall be applied equally to the Defense and non-Defense categories.

Given these three provisions, the Conference Agreement establishes the following steps to determine the application of the spending reductions:

1. The deficit excess is calculated by subtracting the maximum deficit amount from the deficit in the budget base. This is divided in half. One-half represents the outlay reduction required in Defense programs. The other half represents the outlay reduction required in non-Defense programs.

2. The total amount of outlay savings from automatic spending increases, as defined in Section 257(1), is calculated by reducing the automatic increases to zero or to levels consistent with a fifty percent reduction of the total deficit excess, whichever reduction is smaller. The actual reduction in the level of automatic spending increases must be made by applying the required uniform percentage reduction to the actual automatic increases which would be paid in the absence of a sequestration order, regardless of the level of increase which may have been estimated in the reports of CBO, OMB and the Comptroller General prior to the determination of the actual increase.

3. The total amount of outlay savings from automatic spending increases, as calculated in step 2 above, is divided into two parts: reductions in automatic spending increases for federal retirement programs as defined in Section 257(1)(A), and reductions in automatic spending increases for other programs as defined in Section 257(1)(B).

For the half of total outlay reduction that must come from Defense programs, the following steps are established:

1. First, apply one-half of the reduction in automatic spending increases for federal retirement programs, as outlined above.

2. Then achieve the remaining required reduction by sequestering new budget authority, unobligated balances, and certain obligated balances so as to reduce outlays for each program, project, or activity by a uniform percentage.

For all years, the sequestration would be made at the program, project and activity (PPA) level. In the President's initial order issued on September 1 (February 1 in the case of FY 1986), new budget authority plus unobligated balances and outlays would be reduced at a uniform percentage across all PPAs to the extent necessary, to reach the defense outlay target for the year. Actual sequestrations could apply to any combination of new BA and unobligated balances.

PPA blended outlay rates from new budget authority and unobligated balances would be derived by CBO and OMB from data then available to them as supplemented by additional data from DOD. The conferees recognize that outlay rates for new budget authority or unobligated balances may be unavailable for many programs, projects and activities within Function 050. To the extent necessary to carry out their reporting functions, specified in the bill, the Directors of the Congressional Budget Office and the Office of Management and Budget are expected to develop the necessary data bases to estimate these outlay rates. In any event, the conferees

expect the Directors to meet the timetables specified in the bill. Where adequate data are not available the Directors should assume that the outlay rate for the account governs. The conferees expect that the weighted average of outlay rates for all programs, projects and activities within an account will be consistent with the historical account rates developed by the Directors, except where the deviation is appropriate.

It is the intent of the conferees that subsequent to the enactment of this legislation no defense contract will be written or modified which would exempt it from the provisions of sequestration contained in Section 251(d)(3)(A)(i).

In the President's final order becoming effective on October 15 (March 1 in the case of 1986), he could reduce the amount of Budget authority and unobligated balances sequestered in any PPA and the corresponding outlay reduction, to the extent he was able to achieve the same outlay savings by termination or modification of contracts within that PPA. To take credit for this reduction,

(i) The President would have to identify the contracts proposed to be so terminated or modified, together with the claimed outlay savings and reduction in obligated balances, no later than September 5 (January 15 in the case of 1986), and

(ii) The outlay savings, and the sequestration in obligated balances necessary to achieve them, would have to be verified by GAO no later than September 30 (February 15 in the case of 1986).

If GAO were unable to verify the savings for any contract, no credit could be taken. The President would also notify CBO, OMB, and the House and Senate Committees on Armed Services and Appropriations of his proposed terminations or modifications.

For the half of total outlay reduction that must come from non-defense programs, the following steps are established:

1. First, apply one-half of the reduction in automatic spending increases for Federal retirement programs as outlined above.

2. Then apply the reduction in automatic spending increases in programs other than Federal retirement programs, as outlined above.

3. Then apply the amount of savings obtained from the application of special rules for the guaranteed student loan program, as stated in section 256(c), and for the foster care and adoption assistance programs, as stated in section 256(f).

4. Then apply the amount of savings obtained from the application of special rules for the medicare program as stated is section 256(d), and for community and migrant health centers, Indian health services and facilities, and Veterans' medical care as stated in section 256(k) (or a proportional lesser amount if the full reduction is not required).

5. Then sequester or reduce the remaining non-defense programs on a uniform percentage basis to the extent necessary to achieve any required remaining outlay reductions.

6. In calculating any remaining required savings, the savings for the Commodity Credit Corporation for the year in question shall be the savings in that year in the dairy program and the savings in the following year in all other farm price support programs.

b. The Base

The budget "base" level of federal revenues and outlays determines the size of the deficit excess and, thus, the amount by which spending must be reduced under the emergency deficit reduction procedures mandated by the Act. The budget base is thus a key ingredient in carrying out these emergency procedures.

The Conference Agreement, therefore, provides that the budget base be calculated on the basis of laws in effect at the time of the Presidential spending reduction order. For each of the Fiscal Years 1987–1991, an initial estimate of the budget base is made as of August 15 preceding the start of the fiscal year, with a subsequent update on October 5 reflecting additional laws and regulations that may have been enacted or issued between August 15 and about September 30. For Fiscal Year 1986, a single budget base estimate will be made as of January 10, 1986. In either case, this means the budget base will reflect the true status of the budget as of a date that is close to the date a Presidential spending reduction order is issued.

The revenue level in the budget base is calculated by assuming that current law continues through the fiscal year in question. Expiring revenue provisions are assumed to terminate as scheduled except in the case of excise taxes dedicated to a trust fund, which are assumed to be extended through the fiscal year at current rates.

The level of outlays in the budget base, in the case of annual discretionary appropriations, is determined by assuming the level in each regular appropriation bill that has been enacted for the fiscal year or the level contained in an enacted continuing resolution of a full twelve months' duration. Where neither of these exist, the base assumes appropriations equal to those enacted for the prior year. Continuing resolutions of shorter duration are not taken into account because they frequently reflect temporary budget levels that are not intended to continue for the entire fiscal year.

In the case of entitlements or permanent appropriations over which Congress does not exercise annual control, the base assumes the continuation of current law through the fiscal year. Expiring provisions in such programs are assusmed to terminate as scheduled except for Commodity Credit Corporation price support programs which are extended at current rates, since budget levels upon expiration are not possible to determine with any reasonable accuracy.

Any deferrals of obligational authority proposed by the President under the Impoundment Control Act during the period October 1 through the issuance of the final Presidential spending reduction order on October 15 (or between the date of enactment of this Act and February 1, 1986, in the case of Fiscal Year 1986) are not taken into account in determining the budget base. This assures that deferral procedures cannot be used to reduce budget levels temporarily in order to avoid a spending reduction order or to reduce its size.

Budget base estimates are made by the Director of the Office of Management and Budget, the Director of the Congressional Budget Office, and the Comptroller General on the basis of economic fore-

casts developed by them and contained in reports which are described elsewhere in this report. Budget base estimates at the budget account level for federal spending are included in those reports, for use in determining the size and shape of a Presidential spending reduction order required by this Act.

In developing a spending reduction order pursuant to the emergency procedures in this Act, The President is required to use the budget base levels contained in the report or reports of the Comptroller General.

c. Presidential Flexibility for Defense in FY 1986

Conference Agreement

The conferees have included language which provides limited flexibility in regard to sequestration of defense spending for fiscal year 1986 only. This flexibility is not intended as a precedent for similar flexibility in future years in which sequestration might occur. The language allows the President to adjust, within a limited range the percentage reductions for particular programs, projects or activities within an account to limited extent. In only one circumstance, modifications could be made among accounts within defense.

The LX flexibility language works as follows:

The 50 percent of total sequestered outlays to come from defense could not be modified.

Each defense account would be sequestered by a uniform percentage, subject to the exception for military personnel below;

Within an account, certain programs, projects, or activities could be sequestered by an amount up to two times the uniform percentage; and other programs, projects and activities within that same account could be spared from some or all the cut. No projects, programs, or activities could be increased above base levels. In applying this flexibility, the President could close no bases and could not sequester moneys from items of congressional interest by more than the uniform percentage that is to be applied to the account as a whole. "Congressional interest" items are those projects, programs and activities that have been appropriated in the final defense appropriation conference report for FY 1986 at a level 110 percent higher than the President's request.

In the case of uniformed personnel military accounts, including reserves the President is given the flexibility to protect all or part of such accounts entirely from sequestration. This "inter-account" flexibility, if used by the President, however, requires the President to increase the percentage sequester uniformly for programs, projects, and activities in all other defense accounts, including other personnel accounts, by an amount that will offset the exemptions sufficiently to yield the total savings required for defense programs.

These two instances of limited flexibility give the President, authority in fiscal year 1986 to most prudently manage defense cuts due to a potential sequester order in a year already almost half over. However, it is the managers' intention that the overall per-

centage reduction for defense will remain the same despite the grant of this limited flexibility.

d. Sequestration by Programs, Projects, and Activities

House Amendment

Section 252 of the House-passed bill defines and determines the procedures for the "Presidential Order": Paragraph C of that Section provides that sequestration for funds provided in annual appropriations acts shall be applied to "each affected program, project, and activity (as defined in the most recently enacted applicable appropriations acts and accompanying committee reports for the program, project, or activity in question—including joint resolutions providing continuing appropriations and committee reports accompanying acts referenced in such resolutions)."

Since most appropriations acts were already reported by the time this legislation was being developed, a provision was included to allow the Appropriations Committees to define for Fiscal Year 1986 "programs, projects, and activities." The provision is as follows: "For purposes of applying this Section and Section 251 with respect to the Fiscal Year 1986, the Committees on Appropriation of the House of Representatives and the Senate may define the term "program, project, and activity" with respect to matters within their jurisdiction, for purposes of implementing the provisions of this Section with respect to the Fiscal Year 1986. The order issued by the President shall sequester funds in accordance with such definitions."

Further language was also adopted in the House-passed bill that stated that the sequestration order would have no effect unless it reduced all programs, projects, and activities proportionately.

Senate Amendment

The Senate amendment included language similar to the House, which provides for sequestration "from each affected program, project, or activity (as defined in the most recently enacted relevant appropriations acts and accompanying committee reports)."

Conference Agreement

The conference agreement provides that sequestration shall apply at the program, project, or activity level as set forth in the most recently enacted applicable appropriations acts and accompanying committee reports for the program, project, or activity involved, including joint resolutions providing continuing appropriations and committee reports accompanying acts referred to in such resolutions. For programs which are not defined at the program, project, or activity level, the sequestration would be applied at the account level.

For FY 1986 a special provision is included, similar to the House provision which allows the Committees on Appropriations to define "program, project, and activity" and issue a report to their respective Houses. The Presidential sequestration order would have to be in accordance with such a definition.

In accordance with provisions in both the House and Senate bills, no action under sequestration can be taken by the President which

would have the effect of eliminating any program, project, or activity of the Federal government.

e. GAO Compliance Report Specifications

House Amendment

The House amendment provides for a report by GAO on or before September 15. This report shall identify the extent to which the President deals with this Act.

Senate Amendment

No provision.

Conference Agreement

The Conference Agreement requires the Comptroller General of the United States to submit a report to the Congress and the President reviewing a Presidential order for sequestration of spending and modification or suspension of automatic cost-of-living adjustments for programs indexed under current law for such increases. This report, referred to as a "Compliance Report by the Comptroller General," shall be issued on or before November 15 for fiscal years 1987–1991 and on or before April 1 in the case of 1986. The conferees intend that this report shall cover all elements in the order issued by the President under Section 252(b) of this Act. The report shall review each and every time in the Presidential order and compare those items to the same items contained in the General Accounting Office report to the President for Fiscal Year 1986 and the final GAO report in the case of Fiscal Years 1987–91.

In the case of fiscal year 1986, the compliance report shall fully and accurately report the extent to which the President transferred monies within or among national defense (major functional category 050) accounts, pursuant to section 252(a)(2).

All differences between the GAO report and the Presidential Order shall be noted precisely by the Comptroller General's Compliance Report. In addition, the Compliance Report shall review the operation of sequestration upon all programs, projects, and activities and detail whether such sequestration has been done strictly in compliance with the requirements of the GAO report.

It is the intention of the conferees that the Comptroller General fulfill the duties imposed by this act by utilizing the resources currently available to him. The Comptroller General currently has access to all data necessary to conduct the evaluation of and response to a report of the Directors. The conferees assume that the Comptroller General will not wait until the receipt of a report of the Directors to begin his independent analysis, but rather will monitor all relevant data on an on-going basis, so that the effort involved in evaluating a report of the Directors and in preparing his report to the President will be minimized.

IV. TREATMENT OF PROGRAMS

a. Low-Income Programs

House Amendment

The House amendment exempts from reduction the following programs: food stamps, supplemental security income, aid to families with dependent children, child nutrition, veterans compensation and pensions, community health centers, migrant health, and WIC.

Senate Amendment

No comparable provision.

Conference Agreement

The conference agreement exempts the following low-income programs: aid to families with dependent children, child nutrition, food stamp programs, medicaid, supplemental security income, and WIC. Special rules are established for certain health programs including community health centers, migrant health centers, Indian health facilities, Indian health services and Veterans' medical care (see discussion below).

b. General Exemptions

House Amendment

The House amendment exempts from any sequester order social security tier I railroad retirement COLA's; outlays for net interest; and payments for the earned income tax credit. The House version also exempts from reduction claims and judgement against the government; salaries of judges (except future increases); compensation of the President; any legal obligations of federal credit guarantee and insurance programs; payments to trust funds; funds held for other governments and entities; federal financing operations, including offsetting receipts and collections; outlays resulting from private donations, bequests or voluntary contributions to the government; and intragovernmental funds.

Senate Amendment

The Senate amendment generally exempts the same list of programs and activities as the House amendment exempts. Additionally, the Senate specifies that programs are identified by the designated account number in the Budget of the United States Government, 1986—Appendix.

Conference Agreement

The conference agreement generally follows the House amendment but veterans' compensation and veterans' pensions are classified as general exemptions. It also identifies programs by the account number in the 1986 Budget Appendix as provided in the Senate amendment. In addition, the conference agreement exempts from sequester the base outlays for programs subject to reductions through the automatic spending increase provisions. Further, cur-

rent judges salaries and future increases are exempt from sequestration.

c. Medicare

House Amendment

The House amendment treats medicare as an automatic increase program, but only for increases in hospital payment rates and in the index that limits physician payment increases. Thus, these increases can be reduced to zero, but not below. Other medicare payments are not reduced by a sequestration order.

Senate Amendment

The Senate amendment treats all medicare covered services, except clinical laboratory services, as controllable expenditures subject to reduction by the full sequestration percentage, thus permitting reductions below the previous year's payment levels. Clinical laboratory services, for which there is a statutory payment increase index, are treated under the rules applicable to automatic increase programs.

Conference Agreement

The reductions in the Medicare program are achieved through reductions in payment amounts for covered services. No changes in co-insurance or deductible obligations are made, and covered services are unaffected under a sequestration order.

Under such an order, each payment amount made under the Medicare program would be reduced by a specified percentage, which would be 1 percent for Fiscal Year 1986 and 2 percent for each subsequent year in which there is sequestration. (The reduction percentages would be proportionally reduced in any year in which the excess deficit is small enough to permit a smaller reduction.)

In any year for which there is sequestration, the reduction would be made from whatever level of payment would otherwise be provided under Medicare law and regulations. If hospital prospective payments were scheduled to increase by 4 percent, then a 2 percent reduction (that is, payment of 98 percent of the normal payment amount) would permit some increase to remain. On the other hand, if no hospital prospective payment increase were scheduled pursuant to Medicare law, then the sequestration reduction would reduce payments below the previous year's rates.

Where Medicare payment is based on discrete events or services such as hospital discharges or physician services rendered, the reduction factor would apply to those events or units. Where payment to providers is based on costs incurred over a period of time for an aggregation of services, the reduction would technically be calculated for the provider's cost reporting period. However, interim payments made throughout the cost reporting period would be appropriately adjusted.

The reduction would take effect as of a specific date (normally October 1). Where this date is not the beginning of a provider's cost reporting year, the requisite reduction would be prorated evenly over the months of the two cost reporting years to which it is appli-

cable. For example, if a 2 percent reduction were applicable to 9 months of one cost reporting period and 3 months of another period, a 2 percent reduction would be applied to nine-twelfths of the provider's otherwise payable costs for the first cost reporting period and three-twelfths for the second cost reporting period.

Final determinations regarding sequestration may be made after the date sequestration is to begin. For example, the final determination is not required until October 15 regarding a sequestration that begins October 1. If payments made before the final determination differ from those allowed under the final order, the conferees expect that the Department of Health and Human Services will recover the overpayments or restore the underpayments.

The payment reductions made pursuant to a sequestration order would not affect the co-insurance and deductible amounts payable by Medicare beneficiaries. Thus, with respect to physicians' services furnished by a participating physician, or for which an assignment is agreed to, the beneficiary would continue to be liable only for 20 percent of the Medicare "reasonable charge" (plus any applicable deductible), even though the amount paid to the physician is reduced by 1 or 2 percent. There would be no change in the fixed deductible and co-insurance amounts that hospitals and skilled nursing facilities are permitted to charge beneficiaries, even though the Medicare payments to these providers are reduced.

Medicare law determines payment amounts for health maintenance organizations (HMOs) through an estimate of what Medicare payments for all Medicare covered services will be in the HMO's service area in the HMO's forthcoming contract period. In making that estimate, Medicare payments previously made in that service area are taken into account. Since HMO payments will be directly reduced under a sequestration order, it would be inappropriate to build into the estimating process that determines HMO payments the Medicare payment reductions in the HMO's service area that are the result of sequestration reductions that have been or will be made. To do so would lead to reductions in HMO payments in excess of the reductions intended under sequestration. Accordingly, the effects of past or future sequestration reductions must be ignored in calculating normal HMO payment amounts; these normal payment amounts would then be reduced by the appropriate sequestration percentages.

d. Community and Migrant Health Centers, Indian Health Services and Facilities, and Veterans' Medical Care

House Amendment

The House amendment provides that Indian Health Services and Facilities, and Veterans' Medical Care would be fully available for sequestration. The Community and Migrant Health Center programs are exempt from any sequestration order.

Senate Amendment

The Senate amendment provides that these programs are fully available for sequestration.

Conference Agreement

In the conference agreement, reductions to Community and Migrant Health Centers, Indian Health Services and Facilities, and Veterans' Medical Care are limited to one percent in Fiscal Year 1986 and two percent below the levels they would otherwise receive in any subsequent fiscal year.

e. Commodity Credit Corporation

House Amendment

The House amendment provides for special sequestration procedures as they affect loans made by the Commodity Credit Corporation (CCC) program and entities providing Federal guarantees for student loans. The House amendment contains three major provisions for the CCC program: (1) a statement of policy that the CCC not be restricted in the discharge of its responsibilities to buy and sell commodities in world trade as a result of this legislation; (2) that payments and loan eligibility under any contract entered into prior to a sequester order could not be reduced, but those contracts entered into following the sequester order could be reduced; and (3) that reductions in commodity price support programs should not exceed a uniform percentage reduction.

Senate Amendment

The Senate-passed bill provides special provisions for handling a sequester order as it would affect the functioning of the Commodity Credit Corporation (CCC). The Senate, in an October 10, 1985, floor debate concerning CCC agriculture programs (*Congressional Record-Senate,* S13076-S13083) established the legislative intent that agricultural programs were not to be exempt from any sequester order. However, due to the differences and overlap of crop-years and fiscal years for most farm price-support and loan programs and, therefore, timing differences in the flow of CCC budget outlays, the Senate debate established a need for special treatment of CCC programs.

The Senate amendment contained provisions to: (1) provide that CCC contracts entered into prior to the issuance of a sequester order (even though outlays from such contracts would occur in the year of the sequester order) would not be affected; (2) provide that CCC non-contract programs would be subject to sequestration; (3) provide that in meeting the sequester order the Secretary of Agriculture could adjust both loan and target prices; (4) provide that CCC administrative expenses would be defined as controllable expenditures; and (5) that all program reductions be at a uniform percentage rate.

Conference Agreement

The Conference Agreement reflects the explicit intent of the bill managers that agriculture programs funded through the CCC be treated similar to all other programs. As such, the conference agreement includes the provision of both the House and Senate amendment that payments and loan eligibility under any contract

entered into after a sequester order had been issued for a fiscal year would be subject to a percentage reduction.

The managers of the bill also recognize the current economic difficulties facing some American farmers and ranchers. As such, the Conference Agreement includes the House provision as follows: that the CCC shall not be restricted in the discharge of its authority and responsibility as a corporation to buy and sell commodities in world trade, to use the proceeds as a revolving fund to meet other obligations and otherwise operate as a corporation, the purpose for which it was created.

The Conference Agreement includes provisions of both the House and Senate amendments requiring that reductions for all commodities be made in a uniform manner and expands the uniform reduction to all non-contract programs, projects, activities, and accounts within CCC's jurisdiction.

The Conference Agreement clarifies that outlay reductions in the post-sequester year that are the result of contract adjustments in the sequester year, shall be counted toward the overall outlay reduction required in the sequester year.

The Conference Agreement provides that, in implementing a sequester order, it shall be done in such a manner so as to attempt to ensure that uncertainty in scope of benefits is minimized, market price instability is minimized, and normal production and marketing relationships are not distorted. In no case, however, is it the intent of the managers that sequestration not be implemented if ordered.

Finally, the managers of the bill recognize that funding for CCC net realized losses in any given year is a function of activities that have normally preceded that particular year. The Conference Agreement, therefore, makes it clear that appropriations for CCC net realized losses are not subject to sequestration. However, it is understood that the need for appropriations to restore CCC net realized losses in a given year is reduced as a result of actions from preceding years when a sequester order was operative.

f. Guaranteed Student Loans

House Amendment

The House amendment requires savings under sequestration to be achieved equally from the following two measures: (1) the statutory special allowance factor for lenders can be reduced by up to 0.40 percentage points, but not below 3.00 percent, in the first year of the loan (during the remaining life of the loan, the special allowance reverts to the level specified in the Higher Education Act, as amended); and (2) a student's origination fee can be increased by not more than 0.50 percentage points. In both cases, sequestration affects only loans made *after* the order is issued and only in the *first* year of the loan.

Senate Amendment

The Senate amendment generally follows the House amendment. However, it would allow additional unspecified options to be used to achieve the savings.

Conference Agreement

The Conference Agreement requires two changes to the GSL program to occur automatically under sequestration. One, the special statutory allowance factor for lenders will be reduced by 0.40 percentage points, but not below 3.00 percent, in the first year of the loan. Two, a student's origination fee will increase by 0.50 percentage points. In both cases, sequestration affects only loans made during the applicable fiscal year but *after* the order is issued and only in the *first* year of the loan.

g. Social Security Trust Funds

House Amendment

The House amendment exempts Social Security from sequestration and amends Section 710 of the Social Security Act to provide, beginning with fiscal years beginning after September 30, 1985, that the receipts and disbursements of the Federal Old-Age and Survivors Insurance Trust Fund, and the Federal Disability Insurance Trust Fund, and the taxes imposed on employers, employees, and the self-employed would not be included in the totals of the Federal budget, either as submitted by the President or as stated in the Congressional budget. The amendment further provides that the receipts and disbursements of these funds shall be exempt from any general budget limitation imposed by statute on expeditures and net lending or budget outlays of the Federal government. This provision would expire on October 1, 1992, when the provision of current law removing the social security trust funds from the Federal budget takes effect.

The House amendment also provides that no provision of law enacted after the date of enactment of this Act, other than an appropriation to the trust funds already authorized under the Social Security Act as in effect on the date of enactment of this Act, may provide for payments from the general Treasury into the trust funds, or from the trust funds into the Treasury.

Senate Amendment

The Senate amendment is identical to the House amendment.

Conference Agreement

The Conference Agreement leaves unchanged from the House and Senate amendments the budgetary treatment of the Social Security trust funds. The conferees note that Section 201 includes the receipts and disbursements of the trust funds in the Federal budget for Fiscal Year 1986 through 1991 only for the purpose of the deficit estimates required to determine whether the Federal deficit is within the maximum deficit amount targets required in the emergency balanced budget act.

h. Child Support Enforcement Program

House Amendment

The House amendment provides that outlays for the child support enforcement program are available for sequester only by re-

ducing the Federal matching rate for State administrative expenses.

Senate Amendment

Same as the House amendment except for technical differences.

Conference Agreement

Same as the House amendment except for technical differences.

i. Foster Care and Adoption Assistance Programs

House Amendment

The House amendment limits the amount available for sequester in the foster care and adoption assistance programs: (1) to increases in foster care maintenance payment rates or adoption assistance payment rates; and (2) only to the extent that the reduction can be made by reducing Federal matching payments by a uniform percentage.

Senate Amendment

The Senate amendment makes amounts for these programs fully available for sequester. The Senate also provides that States may not alter payment timetables for the programs so as to change the fiscal year against which expenditures for the programs are charged.

Conference Agreement

The Conference Agreement follows the House amendment and adds the Senate prohibition against altering the payment timetable.

j. Unemployment Programs

House Amendment

The House amendment provides that regular State unemployment benefits, the State share of extended unemployment benefits, benefits paid to former Federal employees and former members of the armed services, and loans and advances to the State and Federal unemployment accounts are not available for sequester. The Federal share of extended benefits and Federally paid benefits and administrative expenses are fully available for sequester.

Senate Amendment

The Senate amendment follows the House amendment, but provides that benefits paid to former Federal employees and former members of the armed services are fully available for sequester.

Conference Agreement

The Conference Agreement follows the House amendment. It also provides that States may, without penalty, reduce their share of Federal-State extended unemployment benefits if the Federal share of benefits is reduced by a sequester order.

k. Mine Worker Disability

House Amendment

The House amendment provides that increases in black lung benefits and special benefits for disabled coal miners be treated in the same manner as automatic spending increases.

Senate Amendment

The Senate amendment follows the House amendment with technical differences.

Conference Agreement

The Conference Agreement follows the House amendment.

l. Federal Administrative Expenses

House Amendment

The House amendment exempts from reduction a number of programs and activities (including Social Security and railroad retirement benefits, Federal credit guarantee and insurance programs, and certain low income programs) without reference to administrative expenses.

Senate Amendment

The Senate amendment exempts programs and activities including Social Security (except administrative expenses), Federal disability insurance (except administrative expenses), and Federal credit guarantee and insurance programs (exempting only those outlays resulting from prior legal obligations of the government).

Conference Agreement

The Conference Agreement provides that Federal administrative expenses incurred in connection with any program, activity, or account shall be subject to reduction under a sequester order. Any exemption, exception, limitation, or special rule is not intended to include these Federal administrative or operating expenses unless it does so by specific reference.

Under this provision, administrative or operating expenses of all the departments and agencies of the Federal government, including independent agencies, would be subject to reduction unless specifically exempted. This provision includes programs and agencies that are self-financing and that do not receive appropriations.

The term administrative or operating expenses is intended to include obligations for items such as personnel compensation, travel, transportation, communication, equipment, supplies, materials, and other services. It is not the intent of the conferees to include payments, loans, or other benefits resulting from prior legal obligations under the term administrative or operating expenses.

For purposes of this section, payments made by the Federal government to reimburse or match administrative costs incurred by State or local governments, such as the Federal matching payments for State AFDC and Medicaid administrative expenses, shall not be considered administrative expenses.

m. Off-Budget Entities

House Amendment

The House amendment required that off-budget activities be included in both the President's budget and concurrent budget resolutions. The House amendment also required that receipts and disbursements of the Federal Financing Bank (FFB) with respect to loan obligations of another Federal agency be included in the accounts of that agency.

Senate Amendment

The Senate amendment included substantially similar provisions.

Conference Agreement

Sections 201(a), 214, 223, and 261 of the conference agreement include language regarding the treatment of Federal agencies or accounts with "off-budget" status. In general, off-budget Federal entities are to be treated as on-budget for the purposes of this Act and the Congressional Budget Act.

Definition of Off-budget; past Budget treatment. Section 201(a) includes a definition of "off-budget", based upon Senate language. The definition is intended to conform with existing usage of the term. The term is not intended to cover Government-sponsored enterprises, which are privately owned and are therefore not part of the Federal Government.

Off-budget entities to be treated as on-budget entities. The deficit targets—the Maximum Deficit Amounts—are intended to include both on-budget and off-budget entities.

n. Treatment of the Federal Financing Bank (FFB)

Sections 201(a) and 214 require that FFB direct loans be accounted as loans of the agency in question. As a consequence, budget authority and outlays associated with those direct loans will be budget authority and outlays of that agency, rather than of the FFB.

o. Federal Pay

House Amendment

The House amendment provided that the rates of Federal pay to which an individual is entitled under statutory pay systems could not be reduced pursuant to a sequestration order issued by the President. Under the House amendment, if a pay increase were provided at any time for Federal employees, a sequestration order could not suspend or reduce the rate of pay to which an individual is entitled. Required sequestration savings in an account including salary expenses would have to be achieved without reducing an employee's rate of pay. Treatment of Federal pay pursuant to a sequestration order would be similar to other administrative expenses. Program managers would resort to furloughing personnel in order to achieve required sequestration savings only if other methods provided insufficient savings.

Senate Amendment

The Senate amendment provided that the rate of Federal pay of a civilian employee and the basic rate of pay of a member of the uniformed services to which an individual is entitled on the effective date of a sequestration order may not be reduced in order to achieve the savings required by the order. The intent of the Senate amendment regarding pay increases scheduled to take effect after the effective date of a sequestration order would reduce such increases (not below zero) by a percentage. For example, if a scheduled pay increase (expressed as a percentage) was less than the uniform percentage reduction amount, the scheduled pay increase could be reduced to zero.

Conference Agreement

The conference agreement provides that rates of pay for civilian employees and rates of basic pay, basic subsistence allowances and basic quarters allowances for members of the uniformed services) may not be reduced pursuant to a sequestration order. The agreement retains the House position that a scheduled pay increase may not be reduced pursuant to an order and that Federal pay be treated as other components of administrative expenses. The conferees urge program managers to employ all other options available to them in order to achieve savings required under a sequestration order and resort to personnel furloughs only if other methods prove insufficient.

IV. LOANS

House Amendment

The House amendment provides that new direct loan obligations and new loan guarantee commitments would be subject to sequestration to the extent that such loan levels were limited in appropriation bills or substantive law; the limitations would be reduced by the general domestic sequestration percentage (the percentage applicable to domestic programs not exempt or covered by special rules).

Senate Amendment

The Senate amendment would reduce budgetary resources—including loans—to the extent necessary to reduce outlays by a uniform percentage. Because loan guarantees only result in outlays in the event of default, the Senate amendment probably would not result in the reduction of loan guarantee commitments. In addition, the Senate amendment would exempt outlays from legal obligations for numerous Federal loan programs.

Conference Agreement

The conference agreement follows the House position with regard to direct and guaranteed loans controlled through limitations. In addition, the conference agreement provides that, for new direct loan obligations and loan guarantee commitments *not* subject to limitation (and not a result of legal obligations of the government or otherwise covered by special rules—such as Guaran-

teed Student Loans), the estimated loan level is to be reduced by the general domestic sequestration percentage. The post-sequestration loan levels would be specified in the CBO/OMB reports and the GAO reports, and would constitute a de facto loan limitation.

This is analogous to the treatment of obligations from special, trust, and trust-revolving funds financed through permanent indefinite budget authority; the obligations from such funds (if not exempt or subject to special rule) would be reduced by the sequestration percentage, and the resulting level of estimated obligations would constitute a de facto obligation ceiling. Assets of such funds would remain in those funds.

In the case of loan programs financed by permanent indefinite budget authority, the post-sequestration loan level is intended to be controlling. In the case of loan programs for which an appropriation of definite budget authority exists, both the pre-sequestration loan level and the definite budget authority are reduced by the domestic sequestration percentage.

V. CONGRESSIONAL RESPONSE TO A PRESIDENTIAL ORDER

House Amendment

No Provision

Senate Amendment

The Senate amendment provides that not later than 10 days after the issuance of an order by the President, the Committees on the Budget of the House of Representatives and the Senate may report to their respective Houses a concurrent resolution affirming the order in whole or in part. To the extent that parts of the order are not affirmed, the concurrent resolutions shall contain reconciliation instructions to achieve the level of deficit reduction contained in those parts.

Committees instructed by the concurrent resolution have 10 days from the adoption in both Houses of the conference report on the concurrent resolution to respond to the instructions. The Committees on the Budget of the respective House would package the recommendations of the instructed committees without revision, except revisions could be made to bring a committee into compliance with the instructions. The Committees on the Budget would then report a reconciliation bill or resolution, or both, carrying out the recommendations of the committees and any revisions to bring committees into compliance.

Reconciliation bills and conference reports thereon in the Senate, but only conference reports in the House, which would breach the maximum deficit amount would not be in order.

In the House, any concurrent resolution, and any conference reports thereon would be considered in accordance with the applicable rules of the House, except that the concurrent resolution would be considered privileged for consideration on or after the third day that the report of the Budget Committee was available to Members. In the Senate, the provisions of sections 305 and 310 of the Congressional Budget Act of 1974 for the consideration of concurrent resolutions on the budget and conference reports thereon apply to the consideration of concurrent resolutions, and reconcilia-

tion bills and reconciliation resolutions reported under this section, except that debate on the concurrent resolution is limited to 10 hours.

Conference Agreement

The conference agreement sets forth procedures for formulation of an alternative congressional deficit reduction plan in the Senate, as follows:

Within two days of the revised report issued by the Comptroller General (October 10; January 20 in 1986), Senate committees may submit views and estimates on an alternative congressional plan to the Senate Budget Committee.

Within 10 days of a final order by the President (October 15; March 1 in 1986—initial report deemed to be final in 1986), the Senate Budget Committee may report a resolution (simple or concurrent) to the Senate where it is to be considered under a 10 hour time limit and the provisions of section 305 of the Budget Act relating to consideration of budget resolutions. The resolution may affirm the presidential order in whole or part. To the extent that the order is not affirmed, the resolution shall contain reconciliation instructions to Senate Committees to achieve at least the amount of deficit reduction, attributable to the respective committees by jurisdiction, which was not affirmed.

On the basis of what is affirmed or not affirmed regarding the presidential order, even if a committee is not required to produce a specific amount of deficit reduction, it would still be in order to offer amendments to a congressional alternative plan resolution to instruct such a committee to produce a specific amount of deficit reduction.

Within 10 days after reconciliation instructions are issued pursuant to an alternative congressional plan resolution, reconciled committees must submit their responses to the Senate Budget Committee (or directly to the Senate if only one committee is reconciled) which packages the responses into a single bill for consideration by the Senate. A committee shall be considered to have complied with its reconciliation instructions if it reports out deficit reductions at least equal to the amount it was instructed to achieve. If a committee's reconciliation language falls short of the required deficit reduction, the Budget Committee must include in the reconciliation measure language within such committee's jurisdiction which brings the committee into compliance with its instructions.

The conference agreement includes several provisions relating to floor consideration of an alternative congressional reconciliation bill (or resolution). It would not be in order to consider such a reconciliation bill (or resolution), or amendment thereto, or conference report thereon, if it would cause the maximum deficit amount for a fiscal year to be exceeded, unless the economy is experiencing negative real growth. Debate on such a reconciliation measure would be limited to 20 hours and the provisions of section 305(b) relating to floor consideration of reconciliation measures would be made applicable.

VI. ECONOMIC CONDITIONS

House Amendment

The House amendment provides that if real GNP growth is projected to be one percent or less for the fiscal year there shall be no maximum deficit amount. It further provides that if real GNP growth has been negative, or is projected to be negative, for each of two consecutive quarters, the Budget Committees my report joint resolutions declaring the economy in recession and suspending or revising this law; and that if the average rate of unemployment for two consecutive months is one percent above the same two months for the previous year, points of order against legislation breaching the maximum deficit amount or budget resolution deficit would be removed.

Senate Amendment

The Senate amendment provides that if real GNP growth is projected to be negative for each of two consecutive quarters, or has been less then one percent for each of two consecutive quarters, the Budget Committees may report joint resolutions declaring the economy in recession and suspending or revising this law. Such joint resolutions would be considered under expedited procedures.

Conference Agreement

The conference agreement provides that the CBO Director shall notify Congress if, during a period consisting of the quarter during which such notification is given, the quarter preceding such notification, and the four quarters following such notification, such Office or the Office of Management and Budget has determined that real economic growth is projected or estimated to be less than zero with respect to each of any two consecutive quarters within such period, or if the Department of Commerce preliminary report of actual real economic growth (or any subsequent revision thereof) indicates that the rate of real economic growth for each of the most recent reported quarter and the immediately preceding quarter is less than one percent.

Upon receiving such notification the Majority Leaders of both Houses shall introduce identical joint resolutions suspending the following provisions of the Balanced Budget and Emergency Deficit Reduction Act of 1985:

(1) the maximum deficit amount for the current fiscal year and the next fiscal year as it applies to Congressional budget resolutions and the President's budget submissions;

(2) points of order for the current fiscal year enforcing spending and revenue levels, and the maximum deficit amount in the Senate, established in the budget resolution for such year;

(3) points of order for the next fiscal year enforcing spending and revenue levels established in the budget resolution for such fiscal year, except that if a budget resolution for such year has not been agreed to before the introduction of the joint resolution, then these points of order will not be suspended. The points of order in the Senate for enforcing the maximum deficit level for the next fiscal year is suspended regardless of the status of the budget resolution for such fiscal year.

55-488 O - 85 - 4

(4) the issue of any joint report by CBO and OMB and any report of the Comptroller General reporting excess deficits, the issue of any initial or final sequestration order by the President, and the operation of any initial sequestration order. However, a final sequestration order issued prior to enactment of the joint resolution is not suspended.

The joint resolution is referred to the Budget Committees, which must report it within five days without amendment or be automatically discharged. The resolution is considered under expedited procedures and may be not be amended on the floor.

VII. CONSTITUTIONAL ISSUES

House Amendment

The House amendment provides that within 60 days of the enactment of the bill, any Member of Congress may commence a civil action in the United States District Court for the District of Columbia for declaratory and injunctive relief on the ground that section 251 violates the Constitution. If the President issues an order under section 252, the House amendment provides that any Member of Congress or any other person adversely affected by such order may commence a civil action for declaratory and injunctive relief in the District Court for the District of Columbia on the ground that the order violates the Constitution and the court may issue a preliminary or permanent injunction suspending the order. In addition, in the case of an order issued under section 252, the House amendment provides that any Member of Congress may commence a civil action for declaratory and injunctive relief in the District Court for the District of Columbia on the ground that the terms of the order do not comply with the Act.

Both Houses of Congress are granted the right to intervene in any of the above actions. All of the above actions are to be heard and determined by a three judge panel on an expedited basis. In all of the above actions, direct appeal to the Supreme Court is authorized and attorneys' fees shall be recoverable by the prevailing party at a rate not to exceed $75.

The House amendment also contains a non-severability clause providing that if any of the provisions of the Act are found to be unconstitutional, the entire Act will fall.

Senate Amendment

The Senate amendment provides that any Member of Congress may bring an action for declaratory or injunctive relief concerning the constitutionality of the Act, or intervene in such action, in the United States District Court of Appeals for the District of Columbia, which will hear the matter sitting en banc. Any Member of Congress can bring a similar action in the same court on the ground of nonapplication of a sequestration order. The above actions would be reviewable by appeal directly to the Supreme Court. The amendment directs the Court of Appeals and the Supreme Court to expedite to the greatest possible extent an action brought by a Member of Congress challenging the constitutionality of the Act.

If the President fails to sequester funds on the claim that the constitutional powers of the President prevent such sequestration or permit its avoidance, and such claim is determined by the Supreme Court to be valid, then the entire sequestering order is null and void.

The Senate amendment provides that if the reporting procedures under 204(a)(1) of the amendment (the report of the Directors on OMB and CBO to the Comptroller General) are invalidated in a court action brought under this Act, the report of the Directors will be transmitted to a joint committee of the Congress made up of the entire membership of the House and Senate Budget Committees. The Joint Committee will report the contents of the report, in the form of a joint resolution, to both Houses, no later than 5 days after the receipt of the report. Expedited consideration of the joint resolution is provided in both the House and the Senate. Upon the enactment of the joint resolution, it would be deemed to be the report received by the President that triggers a sequestration order.

The Senate amendment provides that if any provision of the Act is held invalid, the remainder of the provisions will not be affected.

Conference Agreement

Both the House amendment language pertaining to nonseverability and the Senate amendment language pertaining to severability would be deleted.

Expedited judicial review would be provided for Members of Congress seeking anticipatory review of the constitutionality of a Presidential order issued under Section 252, for Members of Congress or other adversely affected persons challenging the constitutionality of the Act, and Members of Congress claiming that an order issued pursuant to Section 252 does not comply with the requirements of the Act. All of the above actions would be taken in the District Court for the District of Columbia and would be heard and determined by a three judge court.

Any order of the District Court issued pursuant to the above actions would be reviewable by appeal directly to the Supreme Court. Both the District Court and the Supreme Court are directed to expedite such actions to the greatest extent possible.

If a court determines that an order issued by the President did not reduce or sequester funds as required by the Act, the President would have 20 days to revise the order in accordance with such determination. If a Presidential order does not comply with the requirements of the Act on the claim or defense that the constitutional powers of the President allow for such avoidance, and such a claim or defense is finally determined by the Supreme Court to be valid, the entire order is null and void.

No declaratory or injunctive relief from an order issued by the President shall become effective until any appeals that are taken are exhausted and the court to which appeal has been taken has issued its final order, or mandate in the case of a Court of Appeals.

While the conferees believe all constitutional concerns have been successfully addressed, it is obvious that some controversy remains. The Conferees want any constitutional issues to be decided as promptly as possible. If any part of the Act is not constitutional, it

is in the interest of everyone in the executive and legislative branches as well as the public in general, to know this as promptly as possible.

The purposes of section 274(a)(1) is to ensure prompt resolution of any constitutional questions regarding the sequestration process and the mechanism by which sequestration is triggered. It should be noted that a member of Congress bringing an action under paragraph (a)(1) has a direct interest in the resolution of this constitutional question since the application of such an order would lead to a reduction in the funds available to such member to carry out his or her legislative functions.

The conferees, in agreeing to section 274 (a)(1), (a)(2), and (a)(3) took into account both Article III of the Constitution and applicable case law relating to standing and ripeness. The Conferees are agreed that the three paragraphs fit within those guidelines and any actions brought pursuant to these expedited review provisions should be reviewed by the courts.

The Conference Agreement adopts the Senate provision on the alternative procedures for the joint report of the Directors to the Congress. The Alternative procedures would be triggered if any of the reports of the Directors were invalidated. The Joint Committee on Deficit Reduction would be established only upon the invalidation of any of the reporting procedures.

Section 274(a)(4) provides for notice to the Secretary of the Senate and the Clerk of the House of legal actions brought pursuant to the provisions of Section 274. This subsection also provides for intervention by the Senate and the House in such actions. It is intended that each body may employ what have developed to be the regular procedures to initiate participation in cases of institutional interest as they have in litigation concerning the 1984 Bankruptcy Act Amendments and the Competition in Contracting Act Amendments.

The House amendment contained an attorneys' fee provision which was deleted. The conferees intend that existing statutes providing for attorneys' fees, including the Equal Access to Justice Act, cover actions brought under the judicial review provisions of this act. If the law is declared unconstitutional, reasonable attorneys' fees at the ordinary EAJA rates should be paid.

The Conferees do not believe that any constitutional authority or requirement to avoid sequestration of any federal spending exists, but have included this provision as a "Fail Safe" mechanism against a successful contrary claim upsetting the balanced provisions of the Act.

VIII. BUDGET ACT PROCEDURES AND CHANGES IN THE RULES OF THE HOUSE AND SENATE

The legislation adopts many of the congressional budget reforms proposed in the 98th Congress by the Task Force on the Budget Process, the Committee on Rules, which is commonly called "the Beilenson Task Force" in reference to its Chairman. (See House Report 98-1152, Part 1). Specifically, the legislation provides for an accelerated congressional and executive branch timetable, expands the application of the Budget Act to cover credit authority, in-

cludes off-budget programs in the congressional and executive budgets, and streamlines the congressional budget process by providing for an annual budget resolution and by removing unnecessary obstacles to the consideration of authorization and appropriation bills.

Section 201. Congressional Budget

(a) Definitions

(1) Deficit.—The Congressional Budget and Impoundment Control Act of 1974 (hereinafter referred to as "current law") does not include a definition of the term "deficit".

The House amendment contained a definition of the term "deficit".

The Senate amendment contained a definition of the term "deficit".

The conference agreement contains a definition of the term "deficit" which is similar to that found in both amendments. "Deficit" is defined as the amount by which outlays exceed revenues for a fiscal year. The definition includes all off-budget Federal entities.

The definition also includes, for the purposes of the Balanced Budget and Emergency Deficit Reduction Act of 1985, receipts and disbursements of the Social Security trust funds.

The conferees are aware that this requirement conflicts with the mathematical consistency requirement for budget resolutions contained in the Congressional Budget Act and the House rules. The Balanced Budget and Emergency Deficit Control Act prohibits the budget resolution from setting forth social security spending and revenues. The mathematical consistency rule requires that the budget resolution therefore show a deficit which is computed without social security. The conferees intend that budget resolutions which are considered during the operation of the Balanced Budget and Emergency Deficit Control Act will contain two deficit computations: one will exclude social security so as to comply with the mathematical consistency rule. The other will include social security and will be the deficit level used for purposes of determining compliance with the maximum deficit amount under the Balanced Budget and Emergency Deficit Control Act.

(2) Maximum Deficit Amount.—Current law does not contain a definition of "maximum deficit amount".

The House amendment contained a definition of "maximum deficit amount".

The Senate amendment contained a definition of "maximum deficit amount".

The conference agreement defines "maximum deficit amount" to mean $171.9 billion in fiscal year 1986, $144 billion in fiscal year 1987, $108 billion in fiscal year 1988, $72 billion in fiscal year 1989, $36 billion in fiscal year 1990, and zero in fiscal year 1991.

(3) Off-budget Federal entity.—Current law does not contain a definition of "off-budget Federal entity".

The House amendment did not define "off-budget Federal entity".

The Senate amendment did not define "off-budget Federal entity".

The conference agreement defines "off-budget Federal entity" as any entity (other than a privately-owned Government-sponsored entity) which is established by Federal law, and the budget receipts and disbursements of which would, but for this Act, be required to be excluded from the President's budget and the congressional budget. (See also discussion of "Off-Budget Federal Entities".

(4) Entitlement authority.—Current law does not contain an explicit definition of "entitlement authority".

The House amendment contained a definition of "entitlement authority".

The Senate amendment did not contain a definition of "entitlement authority".

The conference agreement contains the House provision defining "entitlement authority" so as to specifically reference spending authority as described in section 401(c)(2)(C) of the Budget Act, which is the working definition under current interpretation.

(5) Credit Authority.—Current law does not contain a definition of "credit authority".

The House amendment defined "credit authority" as authority to incur direct loan obligations or primary loan guarantee commitments.

The Senate amendment contained an identical provision.

The conference agreement incorporates this language.

(6) Budget Authority to include Offsetting Receipts.—Current law does not define "budget authority" as including the authority to collect offsetting receipts.

The House amendment defined "budget authority" to include the authority to collect offsetting receipts.

The Senate amendment did not include such a provision.

The conference agreement contains the House provision clarifying the definition of budget authority by specifically including the authority to collect offsetting receipts. Offsetting receipts are amount deposited in receipt accounts. These amounts generally are deducted from budget authority by function and by agency. This provision would not change that scorekeeping practice. A reduction in offsetting receipts increases budget authority. Under the new definition, legislation that decreases offsetting receipts will be treated as legislation providing budget authority. The new definition does not affect the treatment of offsetting collections credited to an account, such as TVA power proceeds.

(b) Congressional Budget Process

The House amendment contained a complete substitute for Title III of the Congressional Budget Act.

The Senate amendment contained a series of amendments to that title.

The conference agreement contains a complete substitute for Title III, as follows:

Section 300. Timetable

This section displays the main steps in the congressional budget process by setting forth ten major dates for completion of budget related action.

On or before	Action to be completed
First Monday after January 3*	President submits his budget.
February 15	Congressional Budget Office submits report to Budget Committees.
February 25	Committees submit views and estimates to Budget Committees.
April 1	Senate Budget Committee reports concurrent resolutions on the budget.
April 15	Congress completes action on concurrent resolution on the budget.
May 15	Annual appropriation bills may be considered in the House.
June 10	House Appropriations Committee reports last annual appropriation bill.
June 15	Congress completes action on reconciliation legislation.
June 30	House completes action on annual appropriation bills.
October 1	Fiscal year begins.

*February 5 for fiscal year 1987.

Section 301. Annual Adoption of Concurrent Resolution on the Budget

(a) Content of Concurrent Resolution on the Budget.—This subsection requires Congress to complete action by April 15 of each year on a concurrent budget resolution. The budget resolution sets forth appropriate budgetary levels for the coming fiscal year and planning levels for the two ensuing fiscal years, including aggregate levels for total new budget authority, budget outlays, direct loan obligations, primary loan guarantee commitments, revenues, the surplus or deficit and the public debt. The budget resolution also sets forth the recommended amount by which revenues should be changed and includes a distribution of total new budget authority, budget outlays, direct loan obligations and primary loan guarantees among functional categories representing major program areas of federal budgetary activity.

(b) Additional Matters in Concurrent Resolution on the Budget.—This subsection provides that the budget resolution may also include reconciliation directives, deferred enrollment of spending bills, other matters and procedures appropriate to carry out the purposes of the Budget Act, and may specify the calendar year in which Congress believes the unemployment goals of the Employment Act of 1946 should be achieved.

(c) Consideration of Procedures or Matters which have the Effect of Changing any Rule of the House of Representatives.—This subsection provides that a budget resolution reported by the House Budget Committee which has the effect of changing any rule of the House of Representatives shall be referred to the Committee on Rules. The Rules Committee then must report it within five calendar days during which the House is in session. The Committee on Rules has the authority to report that budget resolution with an amendment to strike or change the provision affecting the rules.

(d) Views and Estimates of Other Committees.—This subsection requires each standing committee of the House or of the Senate having legislative jurisdiction to submit its views and estimates with regard to any matter in the budget resolution relating to its jurisdiction to its Budget Committee by February 25. All other committees of the House or of the Senate, and all joint committees

may also submit such views and estimates. The Joint Economic Committee is required to submit to both Budget Committees its fiscal policy recommendations for achieving the goals of the Employment Act of 1946.

(e) Hearings and Report.—This subsection requires the Budget Committee of each House to hold hearings and receive testimony from Members of Congress and appropriate representatives of Federal departments and agencies, the general public, and national organizations. The report accompanying a budget resolution must include a comparison of the budget aggregates in the budget resolution with those requested by the President, an analysis for each functional category for spending for each program and of the controllability of such expenditures, an allocation of total revenues among major sources, a statement of economic assumptions and objectives, five year projections, a tax expenditures budget, an analysis of Federal assistance to State and local governments, information on how the Budget Committees determined the content of the budget resolution, and allocations pursuant to section 302(a). The Budget Committees may consider in developing their reports the recommendations of the Joint Economic Committee under subsection (d) and the Budget Committees may also include matters other than those required and listed above.

The House amendment would have required "a comparison of federal priorities" showing the levels of spending, credit activity and tax expenditures in each functional category. The conferees dropped this provision because of technical difficulties in making such a comparison. The conferees urge the Budget Committees to make every effort to overcome these difficulties and to include such comparisons as soon as practicable.

(f) Achievement of Goals for Reducing Unemployment.—This subsection is the same as of current law, except references in the Act to "the first concurrent resolution on the budget" are changed to "the concurrent resolution on the budget".

(g) Common Economic Assumptions.—This subsection creates a new requirement that the joint explanatory statement accompanying a conference report on a budget resolution include a statement of common economic assumptions on which it is based. This codifies existing practice.

(h) Budget Committees Consultation with Standing Committees.—This subsection is new. It requires the House Committee on the Budget to consult with its standing committees during the preparation, consideration and enforcement of the budget resolution.

(i) Maximium Deficit Amount may not be exceeded.—This provision creates a new point of order against the consideration of a budget resolution, amendments thereto, and conference report thereon, if the effect of such measure would be to produce a recommended level of deficit for a fiscal year which exceeds the maximum deficit amount for that year.

In the House, this point of order, insofar as it applies to conference reports and amendments in disagreement, can only be waived by a vote of three-fifths of the Members present and voting, a quorum being present.

Section 302. Committee Allocations

(a)(1) Allocations of Totals in the House of Representatives.—Section 302(a)(1) of the Budget Act provides that the statement of managers accompanying a conference report on a budget resolution shall allocate the appropriate amounts of spending and credit contained in the resolution to the committees with jurisdiction over such spending and credit.

Amounts allocated to committees

The method for allocating budget resolution totals, pursuant to section 302(a)(1), reflects current House practice, with the inclusion of credit authority. New budget authority, outlays, entitlement authority, new direct loan obligations, and new loan guarantee commitments are allocated. All permanent appropriations of budget authority and/or outlays are allocated to the committee that wrote the permanent law. All "current" appropriations—amounts to be provided by appropriations bills—are allocated to the Appropriations Committee. Entitlement authority is also allocated to committees. All amounts associated with an existing entitlement law are allocated to the authorizing committee that wrote the law. This is the case whether the entitlement is funded by permanent or current appropriations. New credit authority is allocated to the Committee on Appropriations where that committee provides or limits such authority. Otherwise, new credit authority is allocated to the authorizing committee that wrote the law providing such authority.

Separation between current level and discretionary action

All amounts—new budget authority, outlays, entitlement authority, and new credit authority—are allocated in two separate components, "Current Level" and "Discretionary Action". Current level refers to amounts provided or required by law as a result of permanent appropriations, advance appropriations, existing entitlement authority, and "prior-year" outlays from discretionary appropriations. Some of these laws can also provide credit authority, which is allocated in the "current level" category, as are direct loans that result from defaults on guaranteed loans. Discretionary action refers to all amounts assumed in the budget resolution but not yet enacted into law for "direct spending" legislation and for discretionary appropriations for such fiscal year. There is only one target for discretionary action entitlement authority, applying to all entitlement legislation whether funded through Federal, revolving, or trust funds. The discretionary action allocation of budget authority, outlays, and entitlement authority would include any assumed legislative increase or decrease to existing permanent or entitlement law, and all new discretionary appropriations for such fiscal year. Such assumed action also includes new credit legislation and new loan limitations to be established by the Committee on Appropriations. The term "discretionary action" corresponds to "new discretionary budget authority" and to "new entitlement authority" as used in the Budget Act.

(2) Allocation of Totals in the Senate.—This subsection provides for allocations of budget totals in the joint explanatory statement

accompanying a conference report to each of the Senate committees which have jurisdiction over legislation providing budget authority. It is identical to current law except that allocations are to include credit authority.

(b) Reports by Committees.—This subsection is identical to current law, which requires committees to subdivide their section 302(a) allocations.

(c) Legislation Subject to Point of Order.—This subsection creates a new point of order prohibiting consideration of any bill, resolution, amendment, or conference report providing new budget authority, new spending authority as defined in section 401(c)(2), or new credit authority until the committee of jurisdiction submits to its House the subdivisions required under section 302(b).

(d) Subsequent Concurrent Resolution.—This subsection provides that in the case of any subsequent budget resolution, the allocations and subdivisions described in subsections (a) and (b) are required only to the extent necessary to cover revisions in such subsequent budget resolution for a fiscal year.

(e) Alteration of Allocations.—This section codifies current practice and authority of committees to alter their subsection (b) suballocation.

(f) Legislation Subject Point of Order.—

(1) In the House of Representatives.—This subsection creates a new point of order in the House prohibiting the consideration of bills, amendments, or conference report providing new discretionary budget authority, new entitlement authority, or new credit authority for a fiscal year in excess of a committee's section 302(a) allocation of such authority. This point of order would make binding upon a committee its section 302(a) total allocation of new discretionary budget authority, new entitlement authority, and new credit authority. Any outlay allocation pursuant to section 302(a) is not relevant in determining the application of this point of order.

(2) In the Senate.—This subsection creates a new point of order in the Senate prohibiting the consideration of bills, amendments and conference reports providing budget authority or outlays for a fiscal year in excess of a committee's section 302(b) suballocation of budget authority or outlays for such fiscal year.

(g) Determinations by Budget Committees.—This subsection provides that estimates of spending and credit legislation are to be determined by the Budget Committees. This is consistent with the existing duties of the Budget Committees under section 311.

Section 303. Concurrent Resolution on the Budget Must be Adopted Before Legislation Providing New Budget Authority, New Spending Authority, New Credit Authority, or Changes in Revenues or the Public Debt Limit is Considered

(a) In General.—This subsection prohibits consideration in either House of any bill, resolution or amendment providing new budget authority, new credit authority, new entitlement authority, or providing for increases or decreases in revenues or the public debt for a fiscal year, until the budget resolution for that fiscal year has been adopted by Congress.

(b) Exceptions.—This subsection is identical to current law, except it adds a provision allowing regular appropriation bills to be considered in the House after May 15 of each calendar year.

(c) Waiver in the Senate.—This subsection is identical to current law to provide for Senate waivers of section 303(a).

Section 304. Permissible Revisions of Concurrent Resolutions on the Budget

(a) In General.—This subsection retains current law by providing that Congress may revise or reaffirm a budget resolution for a fiscal year at any time after the annual budget resolution required by section 301 is adopted.

(b) Maximum Deficit Amount May Not be Exceeded.—This subsection provides that the point of order established in section 301(i) regarding deficits in excess of the maximum deficit amount will also apply to a revised resolution.

Section 305. Provisions Relating to the Consideration of Concurrent Resolutions on the Budget

(a) Procedure in House of Representatives after Report of Committee.—This subsection establishes the procedure for consideration of budget resolutions in the House of Representatives. The conference agreement makes only two changes to section 305(a). The ten-day layover currently required for budget resolutions is reduced to a five-day required layover. This is consistent with the new accelerated timetable and with current practice.

The layover period is consistent with the possibility, under section 301(c), of a five-day referral of the resolution to the Committee on Rules. This allows Members an opportunity to see the Rules Committee report if such report is necessitated by new matters or procedures contained in a budget resolution which have the effect of changing the rules of the House.

(b) Procedure in Senate After Report of Committee.—This subsection establishing procedures for consideration of budget resolutions in the Senate is identical to the language include in the Congressional Budget Act of 1974 for this purpose, with one addition: Subsection (b)(2)(B) provides a new point of order against an amendment which increases the deficit.

(c) Action on Conference Reports in the Senate.—This subsection is identical to current law.

(d) Required Action by Conference Committee.—This subsection is identical to current law.

(e) Concurrent Resolution Must Be Consistent in the Senate.—This subsection is identical to current law.

Section 306. Legislation Dealing with Congressional Budget Must Be Handled by Budget Committees

Section 306 is identical to current law.

Section 307. House Committee Action on All Appropriation Bills To Be Completed by June 10

This section requires all annual appropriations bills for the coming fiscal year to be reported by the House Committee on Appropriations by June 10.

Section 308. Reports, Summaries, and Projections of Congressional Budget Action

(a) Reports on Legislation Providing New Budget Authority, New Spending Authority, or New Credit Authority, or Providing an Increase or Decrease in Revenues or Tax Expenditures.—This subsection provides that any report filed in either House on legislation providing new budget authority, new spending authority, new direct loan obligations, new primary loan guarantee commitments, or providing for an increase or decrease in revenues or tax expenditures shall include the following information prepared after consultation with the Director of the Congressional Budget Office: a comparison of the measure with the section 302(b) report submitted pursuant to the latest budget resolution; an identification and justification of any new spending authority (described in section 401(c)(2)), provided by the measure; a Congressional Budget Office five-year projection of how the measure will affect levels of budget authority, outlays, spending authority, revenues, tax expenditures, and credit authority available under existing law; and a Congressional Budget Office estimate of new budget authority provided for assistance to State and local governments. This subsection also requires, for the first time, that the same information as it pertains to conference reports or amendments in disagreement must be available to Members prior to consideration of such conference report or amendments in disagreement.

Section 308(a) as amended by the conference agreement expands the scope of those comparisons. In current law, only legislation providing budget authority and tax expenditures required this information. The conference agreement provides that reports on legislation providing new spending authority, new credit activity or changes in the levels of revenue would also be required to include information necessary for budget scorekeeping.

(b) Up-to-Date Tabulations of Congressional Budget Actions.—This subsection requires the Congressional Budget Office to issue monthly budget status reports to the committees of the House and the Senate on measures providing new budget authority, new spending authority, new direct loan obligations, new primary loan guarantee commitments, and making changes in revenues or tax expenditures. The Budget Committees are required to make available to members of their respective Houses summary scorekeeping reports based on the CBO tabulations. The Budget Committee summary scorekeeping reports must be made available frequently enough (at least monthly) to provide an up-to-date, accurate representation of congressional budget action. In the House, the Budget Committee summary scorekeeping reports must be submitted to the Speaker.

This provision does not preclude the ability to the Budget Committees and others to request scorekeeping reports on a more frequent basis than once a month.

(c) Five-year Projection of Congressional Budget Action.—This subsection requires the Congressional Budget Office to issue at the start of each fiscal year a report projecting for each of the next five years new budget authority, outlays, revenues and their major

sources, the surplus or deficit, tax expenditures, entitlement authority and credit authority.

Nothing in this section is intended to alter the Congressional Budget Office's current practice of consulting with the Joint Committee on Taxation in the preparation of tax expenditure estimates.

Section 309. Approval of Regular Appropriation Bills

Approval by the House.—This subsection prohibits the House form considering a resolution providing for an Independence Day district work resolution until the House has approved all the annual appropriation bills for the coming fiscal year.

Section 310. Reconciliation

(a) Inclusion on Reconciliation Directives in Concurrent Resolutions on the Budget.—This subsection requires a budget resolution, to the extent necessary to effectuate the resolution, to direct committees to recommend legislation that achieves specified changes in the amounts of new budget authority, prior-year budget authority, new entitlement authority, credit authority, revenues, or the public debt limit level contained in laws within its jurisdiction.

(b) Legislative Procedure.—In either House, if the changes specified by the budget resolution are within the jurisdiction of only one committee, that committee shall promptly report a reconciliation bill or resolution to its House. If more than one committee in either House has been directed to make changes in matters within its jurisdiction, then all such committees shall submit their recommendations to the Budget Committee of their House. The Budget Committee shall then report the reconciliation legislation, without substantive change. This subsection is substantially the same as current law.

(c) Compliance with Reconciliation Directions.—This subsection allows a committee which receives a reconciliation directive consisting of spending reuctions and revenue increases to substitute up to 20% of its total amount of savings in spending reductions for revenue increases, and vice versa.

(d) Limitation on Amendments to Reconciliation Bills and Resolutions.—(1) In the House of Representatives this subsection creates a new point of order in the House against an amendment to a reconciliation bill or resolution if that amendment's net impact is to increase spending or to decrease revenues. A motion to strike provisions containing new budget authority or new entitlement authority may be allowed.

(2) In the Senate this paragraph provides a point of order against amendments to a reconciliation bill which would cause the bill to reduce the deficit less than was required by the instructions in the most recently agreed to resolution containing reconciliates instructions, unless that amendment is internally deficit neutral.

This subsection also states the existing authority of the House Committee on Rules to make in order amendments to reconciliation bills achieving deficit reduction for committees failing to respond to reconciliation instructions.

(e) Procedure in the Senate.—This subsection is identical to current law.

(f) Completion of Reconciliation Process in the House of Representatives and in the Senate.—This subsection establishes June 15 as the completion date for reconciliation and prohibits the House from considering a resolution providing for the Independence Day district work period until the House has completed action on reconciliation legislation for the coming fiscal year.

(g) Limitations on changes to the Social Security Act.—this subsection provides a point of order against the consideration of a reconciliation bill, amendment thereto, or conference report thereon which contains changes in Social Security benefits.

Section 311. New Budget Authority, New Spending Authority, and Revenue Legislation Must Be Within Appropriate Levels

(a) Legislation Subject to Point of Order.—This subsection prohibits consideration in the House or the Senate of legislation providing budget authority or entitlement authority, or reducing revenues for the fiscal year to which the most recently agreed to budget resolution applies if enactment of such legislation would cause the totals for such authorities, or for revenues, or the total for budget outlays set forth in such budget resolution to be breached. A point of order also lies in the Senate against legislation that would cause the maximum deficit amount to be exceeded.

Section 311(a) applies immediately upon adoption of the budget resolution.

(b) Exception.—This subsection provides that the point of order established by subsection (a) shall not apply in the House of Representatives to legislation if that legislation would not cause the committee's appropriate allocation of new discretionary budget authority, new entitlement authority, and new credit authority to be exceeded.

Under current law, there is no similar exception. However, pursuant to recent budget resolutions if Congress has not completed action on a second resolution by the start of a new fiscal year and section 311(a) applies to the aggregates in the first resolution, then a similar exception applies.

The purpose of the exception is to maintain the principle of committee accountability. Committee accountability implies that if a committee lives within the limits set for it by Congress in a budget resolution, the committee should not face procedural impediments to the consideration of its legislation.

(c) Determination of Budget Levels.—This subsection provides that estimates prepared by the Budget Committees of the appropriate House shall be the basis for determining whether legislation is subject to the point of order established by subsection (a) or the exception pursuant to subsection (b).

Section 311(c) is similar to section 311(b) of current law.

Section 211. New Spending Authority

The House amendment contained a series of amendments to section 401 of the Congressional Budget Act.

The Senate amendment contained no amendments to section 401 of that Act.

The conference agreement contains a complete substitute for section 401, reflecting a large portion of the House language, as follows:

Section 401. Bills Providing New Spending Authority

(a) Controls on Legislation Providing Spending Authority.—This subsection provides a point of order against legislation providing contract or borrowing authority, unless such legislation contains a provision that such new authority is to be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts. Current law applies the point of order to bills, resolutions, and amendments. The conference agreement extends the point of order to conference reports. This conforms with House precedents which apply this point of order to conference reports.

(b) Legislation Providing Entitlement Authority.—This subsection is identical to current law, and provides for referral to the Appropriations Committees of entitlement legislation that exceeds section 302(b) suballocations.

(c) Definitions.—This subsection defines the various types of back door spending authority. The conference agreement contains two new types of such authority: new subparagraphs (D) covers proprietary receipts, including user fees, which are deposited in the general fund of the Treasury; new subparagraph (E) covers all other spending authority not subject to the annual review of the appropriations process, such as certain permanent appropriations, and which is not otherwise defined in subparagraphs (A) through (D).

With the addition of new subparagraph (D) and (E), section 401 now covers all types of backdoor spending authority—that is, spending not subject to the annual control of the appropriations process.

(d) Exceptions.—This subsection is identical to current law except that section 401(d)(3)(A)(ii) will not apply to government corporations created after the date of enactment of this Act.

Section 212. Credit Authority

The House amendment contained a complete substitute for section 402 of the Congressional Budget Act.

The Senate amendment contained no amendments to section 402 of that Act.

The conference agreement contains a complete substitute for section 402, which is virtually identical to the House language, as follows:

Section 402. Legislation Providing New Credit Authority.

This section strikes the language of section 402 of the Budget Act and substitutes new provisions. Section 402 of the Act sets a deadline of May 15 before the start of a fiscal year for *reporting* measures making authorizations for that fiscal year. Section 402 also prohibits consideration of authorizing legislation if it is reported after the deadline and provided certain waiver procedures.

Subsections (a)–(e) of section 402 in the Act, which set a deadline for reporting authorizations, are counterproductive. The deadline encourages committees to report on or immediately before May 15, but this does not leave sufficient time for the authorization and appropriations processes. To provide a reporting deadline earlier than

May 15 will result in the same clustering of reported authorizations around a single date and will not provide sufficient time for full consideration of them all. Instead, the deadline for action on appropriation measures will encourage the authorizing committees to set their own schedules to facilitate enactment of authorizations in a timely manner.

Section 402(f) of the Budget Act directed the Appropriations Committees to study provisions of law making permanent appropriations or providing spending authority and to report, from time to time, recommendations for terminating or modifying such provisions. New section 405 (explained below) requires GAO to study and make recommendations on these matters.

The new section 402(a) contained in the conference agreement creates a new point of order prohibiting consideration of legislation providing new credit authority unless that legislation also limits the use of such authority to the extent provided in appropriation acts. Subsection (b) of new section 402 references the definition of credit authority in new section 3(10) of the Budget Act, and limits the scope of new section 402 to new credit authority considered after the date of enactment, including any increase in or addition to existing credit authority.

Direct loans and loan guarantees are often efficient means to achieve useful public objectives. This section is not intended to, nor, in fact, would it, inhibit the use of credit instruments for public ends.

Section 213. Description by Congressional Budget Office

The House amendment contained amendments to section 403 of the Congressional Budget Act.

The Senate amendment contained no amendments to section 403 of that Act.

The conference agreement contains the House amendments to section 403 of the Budget Act. Section 403 currently requires the Congressional Budget Office to prepare cost analyses of all legislation "of public character" reported from committees other than the Committees on Appropriations. The conference agreement amends section 403 of the Act to require the Congessional Budget Office to also provide a description of each method for establishing a Federal financial commitment contained in that legislation. This new requirement is intended to provide information on backdoor financing mechanisms and to ensure that Members are aware that such mechanisms are contained in the legislation when the measure is under consideration.

Section 214. General Accounting Office Study; Off-Budget Agencies; Member User Group

The House amendment contained three new sections to be added to the end of title IV of the Budget Act.

The Senate amendment contained no such language.

The conference agreement contains three new sections, substantially similar to the House language, to be added to the end of title III, as follows:

Section 405. Study by the General Accounting Office of Forms of Federal Financial Commitment that are not Reviewed Annually by Congress.

This section requires the General Accounting Office to study all provisions of law providing permanent appropriations and providing spending authority described by section 401(c)(2) of the Congressional Budget Act (contract authority, borrowing authority, entitlement authority, off-setting receipts, and residual authority). The GAO must report to Congress within 18 months with its recommendations on the appropriate form of financing for all programs and activities financed by these provisions. The report shall be revised from time to time.

On the whole, there should be a presumption in favor of funding Federal activities through the annual appropriations process. In that way, all programs and activities are subject to regular review by authorizing and Appropriations committees and no programs and activities are granted special advantage by the congressional budget process. In certain cases, however, backdoor mechanisms are most appropriate to ensure the aims of the programs or activities being funded.

Section 406. Off-Budget Agencies, Programs, and Activities.

Section 406(a) provides that budgetary activities of federal agencies, including budget authority, credit authority, and estimates of outlays and receipts, which are off-budget immediately prior to enactment of this section, shall be included in the President's and the Congress' budgets.

Section 406(b) provides that all receipts and disbursements of the Federal Financing Bank with respect to any obligations issued, sold, or guaranteed by a Federal agency shall be treated as a means of financing such agency.

(See also discussions of the treatment of Social Security and "Off-Budget Federal Entities".)

Section 407. Member User Group.

This Section allows the Speaker, after consultation with the Minority Leader, to appoint a Member User Group, which shall review the scorekeeping rules and practices of the House and report to the Speaker from time to time on their effect and impact.

Section 221. Congressional Budget Office

The House amendment contained a series of amendments to section 202 of the Congressional Budget Act.

The Senate amendment also contained an amendment to section 202 of the Budget Act.

The conference agreement amends section 202 as follows:

(a) *Reporting Date.*—The conference agreement amends section 202(f)(1) of the Congressional Budget Act to require submission of the annual CBO reports to the Budget Committees by February 15 of each year.

(b) *Additional Reporting Requirement.*—The conference agreement amends section 202(f) of the Congressional Budget Act by adding paragraph (3). Paragraph (3) requires the Director to submit to the Congress on or before January 15 of each year a report listing unauthorized programs and programs whose authorizations expire in the coming fiscal year. The list should also include pro-

grams and activities for which authorizations of appropriations have already expired but for which appropriations were made in the current fiscal year.

The purpose of this requirement, in conjunction with the elimination of the May 5th deadline for reporting authorization bills, is to help Congress use the early months of the year to adopt authorizing legislation which must be in place before the thirteen regular appropriation bills can be considered.

(c) *Studies.*—The conference agreement adds subsection (h) to section 202 of the Congressional Budget Act. Subsection (h) requires the Director of the Congressional Budget Office to conduct studies to enhance comparisons of budget outlays, credit activity, and tax expenditures.

The purpose of the requirement is to facilitate comparisons among programs with similar objectives but different forms of financing.

Section 222. Current Services Budget for Presidential Budget Purposes

The House amendment contained an amendment to section 1109(a) of title 31, United States Code.

The Senate amendment contained no such amendment.

The conference agreement contains the House language amending section 1109(a) of title 31, United States Code, to require the President to submit a current services budget concurrently with the annual budget submission on or before the first Monday following January 3 of each year, except for calendar year 1986 when the deadline is February 5.

The conference agreement also makes a corresponding change that the Joint Economic Committee submits its analysis of the current services budget on March 1.

Section 223. Study of Off-Budget Agencies

The House amendment repealed section 606 of the Congressional Budget Act.

The Senate amendment had no such amendment.

The conference agreement contains the House language repealing section 606 of the Congressional Budget Act. Section 606 required the Budget Committees to study provisions of law establishing off-budget status for agencies and to report recommendations to their respective Houses from time to time. Under section 214 of the conference agreement, all Federal entities currently off-budget are brought back on budget.

Section 224. Changes in Functional Categories

The House amendment contained an amendment to section 1104(c) of title 31, United States Code.

The Senate amendment contained no such amendment.

The conference agreement adds the House language to the end of section 1104(c) of title 31, United States Code. Under current law, the President may make changes in the functional categories of the Budget only in consultation with the Appropriations and Budget Committees of both Houses. The new sentence would require that all committees of the House and Senate receive prompt notification

of changes in functional categories. Because Congress decides budget priorities by functional category it must have a voice in shaping those categories. The requirement added by the conference agreement ensures that all committees are promptly made aware of such changes.

Section 225. Jurisdiction of Committee on Government Operations

This section amends clause 1(j) of rule X of the Rules of the House of Representatives to include the budgetary treatment of agencies or programs in the jurisdiction of the Committee on Government Operations.

Section 226. Continuing Study of Congressional Budget Process

This section amends clause 3 of rule X of the House of Representatives. It includes among the functions of the Rules Committee the continuing study of the congressional budget process.

Section 227. Early Election of Committees of the House

This section amends clause 6(a)(1), rule X of the Rules of the House of Representatives, to require the election of committees of the House within 7 calendar days after a new Congress convenes. The new requirement is intended to facilitate early organization of the House and action by the committees in the first months of a new Congress. This requirement does not impede consideration of recommendations by party caucuses to change the composition of standing committees at a later date.

Section 228. Rescissions and Transfers in Appropriations Bill

This section amends the House rules to permit consideration of rescissions of appropriations and transfers of unexpended balances within the Department or agency for which they were originally appropriated which are included in a general appropriations bill.

Section 231. Table of Contents

This section of the conference agreement conforms the table of contents with respect to title III of the Congressional Budget Act with prior changes made by the conference agreement.

Section 232. Additional Technical and Conforming Amendment

This section changes the table of contents in the Act with respect to Title IV and strikes out a reference to the required second budget resolution in the definition section of the Act. It also makes five similarly technical changes in House Rules to conform with changes made by this conference agreement.

Section 241. Submission of President's Budget; Maximum Deficit Amount May Not Be Exceeded

(a) Submission of President's Budget

The House amendment accelerated the deadline for transmittal of the President's budget to the first Monday after January 3.

The Senate amendment contained the same accelerated schedule.

The conference agreement changes current law, which requires transmittal of the President's budget during the first 15 days of

each session to a deadline of the first Monday after January 3, except in calendar year 1986, when the deadline would be February 5.

(b) Maximum Deficit Amount May Not Be Exceeded

The House amendment contained substantially similar language.

The conference agreement adds a new subsection to section 1105 of title 31, United States Code. Paragraph (1) of the new subsection requires that the President's budget shall be prepared on the basis of the best estimates then available in such a manner as to ensure adherence to the maximum deficit levels set forth in section 3(7) of the Congressional Budget Act, as amended by this conference agreement. Paragraph (2) of the new subsection reiterates this requirement in strong terms by stating that the deficit level in the President's budget shall not exceed the maximum deficit amounts.

Section 242. Supplemental Budget Estimates and Changes

(a) Change in Date of Submission

The House amendment eliminated the current law requirement for an April update of the President's budget.

The Senate amendment had no such provision.

The conference agreement includes the House provision, eliminating the requirement for an April update of the President's budget. Budget reestimates from the President in early April do not help the Congress meet its April 15 deadline. Requiring budget reestimates in March or earlier is too soon after the President originally submits the budget. Therefore, the spring deadline is dropped. Under this conference agreement, the President will still be required to submit mid-summer budget reestimates.

(b) Revisions and Supplemental Summaries

The House amendment contained an amendment to section 1106 of title 31, United States Code, adding a new subsection providing that revisions and supplemental summaries to the President's budget must adhere to the maximum deficit amounts.

The Senate amendment had identical language.

The conference agreement has identical language.

Section 271. Waivers and Suspensions; Rulemaking Powers

The House amendment provided for a three-fifths duly chosen and sworn waiver in the Senate for sections 305(b)(2) and 306 of the Congressional Budget Act.

The Senate amendment provided for a three-fifths duly chosen and sworn waiver in the Senate for sections 301(c), 304(b)(2), 305(b)(2), 306, 310(c), and 311 of the Budget Act.

The conference agreement provides for the following:

(a) Budget Act waivers in the Senate.—Subsection (a) would amend section 904 of the Congressional Budget Act by redesignating subsection (c) of section 904 as 904(d) and inserting a new subsection (c), which provides for a three-fifths duly chosen and sworn waiver in the Senate for sections 305(b)(2) (relating to time and germaneness limitations in the Senate for consideration of budget resolutions and reconciliation bills) and section 306 (relating to legisla-

tion dealing with the congressional budget process). These super-majority requirements would be a permanent addition to the Budget Act.

(b) Other Waivers and Suspensions in the Senate.—The conference report provides for several other super-majority waivers to exist only during fiscal years 1986 through 1991. The following sections can only be waived by a three-fifths vote of Senators, duly chosen and sworn: section 301(i) (relating to a point of order against budget resolutions breaching a maximum deficit amount); section 302(f) (relating to a point of order against spending bills breaching committee allocations); section 304(b) (relating to a point of order against subsequent budget resolutions breaching maximum deficit amount; section 310(b) (relating a point of order against amendments to reconciliation bills which would increase the deficit); section 310(g) (relating to a point of order against reconciliation bills which include social security provisions); and section 311(a) (relating to a point of order against spending or revenue measures which would cause the aggregate spending and revenue levels in the budget resolution to be breached).

(c) Rulemaking Powers.—The House and Senate amendments included identical language providing that all provisions of this title, except those relating to the activities of the executive branch, are enacted by the Congress as an exercise of the rulemaking powers of the House and Senate and may be changed by either as it desires. The conference agreement includes identical language except that it applies to all provisions of this title excluding activities of the *judicial,* as well as executive branches.

The conference report adopts super-majority waiver requirements (three-fifths, present and voting) for the House in two sections: 301(i) (relating to a point of order against budget resolution conference reports or amendments in disagreement breaching a maximum deficit amount) and 304(b) (relating to a point of order against subsequent budget resolution conference reports or amendments in disagreement breaching a maximum deficit amount).

IX. OTHER MATTERS

a. Restoration of Trust Fund Investments

House Amendment

The House amendment provides for restoration to the OASDI and other government trust funds of the securities cancelled since August 30, 1985 because of the failure to extend the debt ceiling limit by that date. Under the amendment, both principal and interest rate of these securities would be restored, as well as any interest payments lost to the various trust funds because of the failure to invest securities after August, 1985.

Senate Amendment

The Senate amendment generally follows the House amendment.

Conference Agreement

The conference agreement revises the House and Senate amendments in order to complete the process begun in Public Law 99-

155, the temporary debt limit increase enacted on November 14, 1985, of restoring various trust and retirement funds administered by the Secretary of the Treasury to the position in which they would have been if a debt limit increase had been enacted before September 3, 1985. In addition, an amount would be transferred to the Federal Old Age and Survivors Insurance Trust Fund ("OASI") and the Federal Disability Insurance Trust Fund ("DI") to compensate those funds for current and prospective losses arising from premature redemption of some long term securities when the debt limit was reached in September and October, 1984.

Subsection (a) makes whole, for 1985 transactions, all funds affected except the Department of Defense Military Retirement Fund, which is dealt with in subsection (b).

Paragraph (1) provides for the immediate reissuance to the trust funds of obligations prematurely redeemed during September, 1985. (Obligations prematurely redeemed during October and November, 1985 were restored as of November 14, 1985, as provided in the temporary debt limit increase, P.L. 99-155.) Although the bill covers all major trust funds, only OASI and DI were affected by premature redemptions in September, 1985 and only those two funds will be affected by this subsection. The conferees expect that the Treasury and the Department of Health and Human Services will work together to determine which securities would not have been redeemed during September, using standard Treasury investment practices, had an increased debt limit been in place on August 1. Treasury should then issue to the trust funds securities with identical maturities and interest rates to those that would not have been redeemed. On November 14, Treasury invested the then-uninvested balances in all the trust funds in short term securities. The restored securities will be substituted, dollar for dollar of principal amount, for securities in the funds on the date of enactment. The restoration should result, to the maximum extent practicable, in the funds' portfolios replicating the porfolios they would have had if the debt limit increase had been enacted on August 1. Upon completion of the restoration process, there will no longer be any possibility of prospective interest losses to the trust funds from the premature redemptions during 1985.

Paragraph (2) provides a general fund appropriation to all the major trust and retirement funds (except the Department of Defense Military Retirement Funds, which is covered in subsection (b)) for interest lost as a result of various non-standard trust fund transactions between September 1, 1985 and the date of enactment of the conference report. The amount to be paid to each fund will equal the difference between the net interest the fund would have earned in the period from September 1, 1985 to the date of enactment if an increased debt limit had been enacted on August 1, 1985, and net interest actually earned during that period. (The net amounts are to take into account the required repayment by OASI and DI to the general fund of excess interest earned in all months except October, 1985 as a result of the normalized tax transfer procedure.) Thus, interest earned since November 14 on securities restored as of that date pursuant to the temporary debt limit will not be paid twice. The payment will be made on December 31, 1985, the date on which the interest lost would normally have been credited

to the accounts according to the standard semi-annual interest payment feature of Treasury obligations. The conferees intend that in determining the full extent of these losses, Treasury will consult with the appropriate program agencies.

With respect to the Civil Service Retirement and Disability Fund and the Federal Supplemental Medical Insurance Fund ("FSMI"), investments that were to be made on September 30 and on October 1 and November 1, respectively, were delayed, in some cases until November 14. These funds lost approximately $77.5 million and $17.2 million, respectively, from the delay. Civil Service, OASI, DI and the Railroad Retirement Account also suffered interest losses from the accelerated redemption in November that was necessary to assure the payment of benefits. The losses from this source were approximately $9 million for OASI and DI, combined, $404,000 for Civil Service, and $160,000 for the Railroad Retirement Account. Finally, OASI, DI and FSMI suffered some interest losses when high interest securities were prematurely redeemed. The funds will be made whole for all these losses.

Paragraph (3) lists the funds affected by paragraphs (a)(1) and (a)(2): OASI, DI FSMI, Civil Service, Railroad Retirement, and the Federal Hospital Insurance Trust Fund. The Treasury has assured the conferees that in fact the Federal Hospital Insurance Trust Fund was operated normally during this period and therefore did not suffer any non-investments, delayed investments, disinvestments, or accelerated or premature redemptions.

Subsection (b) concerned restoration of the Department of Defense Military Retirement Fund. This fund, unlike those dealt with in subsection (a), invests in market based special obligations. Therefore, because Treasury could not fully invest the fund's $10.5 billion credit on October 1, the fund suffered losses when interest rates subsequently declined.

Paragraph (1) provides for the immediate issuance to the fund of the securities it would have purchased on October 1, 1985. The securities are to carry the interest rates, and are to be purchased at the price (including accrued interest) that would have prevailed on October 1. To avoid a double investment of the October 1 credit, upon issuance of the new obligations, Treasury will cancel all obligations purchased by the fund with the October 1 credit. This will eliminate all prospective interest losses to the fund due to the decline in interest rates after October 1.

Paragraph (2) is a general fund appropriation to the Military Retirement Fund to cover interest losses arising from delayed investments. The Secretary of the Treasury, in consultation with the Secretary of Defense, will determine the amount of interest the fund would have earned between October 1 and November 14 if the fund had been able to fully invest on October 1. The amount of interest the fund actually collected on November 15 (the semi-annual interest payment date applicable to this fund's investments) on its limited investments of the October 1 credit will then be subtracted from the normal earnings and the difference paid to the fund. The interest collected on November 15 was invested on November 15 in new market based special obligations, in accordance with standard instructions of the Secretary of Defense. These investments have in turn been earning interest since November 15.

Paragraph (3) provides that the amount paid over in accordance with paragraph (2) will be invested in market based special obligations designated by the Secretary of Defense. These securities will have an issue date of November 15, 1985, and will be issued at prices, including accrued interest, prevailing on November 15. Thus, the shortfall in earnings due to late investment will earn interest from November 15, as would have been the case under normal circumstances.

Subsection (c) compensates a large number of funds for losses incurred because of their inability to invest receipts after December 7 due to the expiration of the temporary debt limit increase. Approximately 130 funds are potentially affected, almost all with respect to very small amounts not invested. In the past, these funds have not received any compensation when investment was prevented by the debt limit. Since these funds invest in market-based special obligations of many maturities and invest and redeem on a daily basis, it is virtually impossible to determine exactly what each would have earned if investments had been made. However, since the vast bulk of the investment would have been overnight, the conferees have determined that it would be appropriate to provide for compensation based on interest that would have been earned had all uninvested balances of which Treasury was aware been invested overnight. The conferees understand that the overnight rate is based on the overnight repurchase transaction rate calculated by the Federal Reserve Bank of New York.

Subsection (d) makes the OASI and DI funds whole for past and prospective interest losses arising from premature redemptions of long-term obligations in September and October, 1984.

Paragraph (1) provides for a general fund appropriation of an amount necessary to eliminate prospective interest losses arising from the 1984 transactions and requires the Secretary of the Treasury immediately to pay over this amount.

Paragraph (2) states that the amount to be paid over is to be determined jointly by the Secretary of the Treasury and the Secretary of Health and Human Services and is to "fully compensate" the funds. The conferees understand that the two agencies have already discussed the calculation and intend to make it as follows. First, the interest that would have been earned on the prematurely redeemed securities on each interest payment date will be determined. From this will be subtracted, on a payment-date-by-payment-date basis, interest that has been and will be earned by the funds on investments made to replace the prematurely redeemed securities. The present value of this stream of payments (including presumed reinvestment of interest earned) will be determined using a discount rate of 9⅞%, which is the statutory investment rate determined according to the formula in section 201(d) of the Social Security Act for June, 1986, as projected in the President's Budget for fiscal year 1986. This section is based on the current law practice under which, in June of each year, all maturing securities are replaced with long-term securities of various maturities, all bearing the June statutory investment rate. The conferees intend that the payment made pursuant to paragraph (1) will be treated, as any other payment made to the funds. Thus, it will be invested immediately in short term securities maturing on June 30,

1986. To the extent these securities are not redeemed prior to that time to pay benefits, they will become part of the pool of securities reinvested in long term securities on June 30, 1986.

Paragraph (3) places a limitation on transfers under paragraph (1) of $550,000,000. This amount is in excess of all tentative calculations of the amount due under paragraph (1) made to date by the Secretaries of the Treasury and of Health and Human Services.

Paragraph (4) provides for adjustments in the payment after June, 1986 if the statutory interest rate for that month is other than 9⅞%. As soon as practicable after June 30, 1986, the Secretaries of the Treasury and Health and Human Services will determine whether any adjustment is necessary. In the event that the applicable interest rate is below 9⅞%, further payments will be due the fund, and an additional appropriation is provided for such adjustment. In the event that the applicable interest rate is above 9⅞%, the adjustment will require that the funds repay to the general fund part or all of (but not more than) the amount transferred under paragraph (1).

SECTION 275

(a) Effective Dates.

Except as described below, the provisions of this Act are to become effective upon enactment, and shall apply with respect to fiscal year 1986 and beyond.

Certain provisions of this Act will not apply until the fiscal year 1987 congressional budget cycle. An effective date of April 15, 1986 has been specified for these provisions. This is the date by which Congress must complete action on the budget resolution for fiscal year 1987. These provisions are:

(1) Section 201(a)(2) of this Act, which expand the definition of "budget authority" to include the authority to collect offsetting receipts.

(2) Section 201(b) insofar as it relates to the following sections of the Budget Act: (A) section 302(c), providing a point of order against the consideration of a committee's legislation until that committee has filed its suballocations pursuant to section 302(b)

(3) Section 212 of this Act, which provides a point of order against the consideration of legislation providing new audit authority unless that authority is limited to amount provided—appropriation Acts.

(b) Expirated.

Except as described below, the provisions of this Act are permanent.

The following provisions will expire on September 30, 1991 (the end of fiscal year 1991):

(1) Part C of this Act, containing the emergency deficit control procedures.

(2) Section 3(f) of the Budget Act, specifying the maximum deficit amounts for fiscal year 1986 through 1991.

(3) Sections 301(i) and 304(b) of the Congressional Budget Act, providing points of order against budget resolutions with deficits in excess of the maximum deficit level.

(4) The provision of section 311(a) of the Congressional Budget Act which enforces the maximum deficit level in the Senate.

(5) Sections 1105(f) and 1106(c) of Title 31, United States Code, which require that the President's budget submission and any revisions be consistent with the maximum deficit levels.

(6) Section 271(b) which requires a vote of three-fifths of the members duly chosen and sworn in the Senate at points of order enforcing the maximum deficit level, section 302(b) suballocations, requiring deficit neutral amendments to reconciliation legislation, prohibiting Social Security provisions in a reconciliation bill (or a bill considered pursuant to reconciliation procedures), and the total budget ceilings and revenue flow.

(7) Section 302(f), providing points of order against legislation in the House which exceeds section 302(a) allocations, and in the Senate which exceeds section 302(b) suballocations.

(8) Section 302(g), providing that the Budget Committees are responsible for determining levels for the purposes of section 302.

(9) Section 310(c), providing for some flexibility in the response to reconciliation instructions for those committees which are instructed to both decrease spending and increase revenues.

(10) Section 310(d), providing a point of order against amendments to reconciliation bills which are not deficit neutral.

(11) Section 310(g), providing a point of order against a reconciliation bill which recommends changes in Social Security.

From the Committee on Ways and Means:

DAN ROSTENKOWSKI,
SAM M. GIBBONS,
J.J. PICKLE,
CHARLES B. RANGEL,
PETE STARK,
JAMES JONES,
ED JENKINS,
RICHARD A. GEPHARDT,
MARTY RUSSO,
JOHN J. DUNCAN,
BILL ARCHER,
GUY VANDER JAGT,
BILL FRENZEL,

From the Committee on Appropriations:

JAMIE L. WHITTEN,
EDWARD P. BOLAND,
WILLIAM H. NATCHER,
NEAL SMITH,
CARL PURSELL,
TOM LOEFFLER,

From the Committee on Rules:

CLAUDE PEPPER,
ANTHONY C. BEILENSON,
MARTIN FROST,

From the Committee on Government Operations:

DON FUQUA,
THOMAS N. KINDNESS,

From the Committee on the Budget:

GEO. MILLER,
MARVIN LEATH,
WILLIS GRADISON,

As additional conferees:

THOMAS S. FOLEY,
LES ASPIN,
MARY ROSE OAKAR,
LEON PANETTA,
VIC FAZIO,
ROBERT H. MICHEL,
DICK CHENEY,
LYNN MARTIN,
CONNIE MACK,
Managers on the Part of the House.

BOB PACKWOOD,
PETE V. DOMENICI,
JOHN C. DANFORTH,
W.L. ARMSTRONG,
PHIL GRAMM,
WARREN B. RUDMAN,
RUSSELL B. LONG,
LLOYD BENTSEN,
J. BENNETT JOHNSTON,
CARL LEVIN,
DAVID L. BOREN,
ERNEST F. HOLLINGS,
Managers on the Part of the Senate.

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